

Action research in employment

Evaluation of selected projects (1997/98)

Development of local employment

Employment & social affairs

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I. ACTION RESEARCH IN EMPLOYMENT

This report reviews the outcomes of a number of projects co-financed by the European Commission (Employment and Social Affairs DG) during 1997 and 1998. The aim of the initiative¹ was to draw methodological lessons from especially interesting experiences which might lead to new avenues of job creation of relevance throughout the Union.

ACTION RESEARCH

All projects are based on the research action method, which is a well known research approach in the social sciences. Research action combines theoretical analysis with practical demonstration of a given hypothesis, involving academics, researchers and practitioners. This approach also generally has the advantage of helping the actors involved to express themselves and to enhance their capacity for action.

By bringing together people, who, in their own particular contexts, are facing the same or similar challenges, the aim of this approach is to start a process of focusing on an issue, to emphasise its characteristics, and to generalise the experiences of participants. This approach is valuable for identifying the common obstacles and core aspects of a given problem, but more particularly for highlighting feasible solutions. It goes beyond the simple presentation of successful experiences in that partners are encouraged to identify the decisive ele-

ments/factors which can be extracted from the particular context and applied on a more general level to enhance other actions.

The original idea was therefore not to finance projects as such but rather to make it possible for stakeholders to meet and give structure to the analysis of specific issues through the transnational networking of experiences (however they are financed) underway in several Member States.

WHY THIS CHOICE OF METHOD?

This way of working, the research action approach, fulfils two immediate objectives. Firstly, direct involvement ensures that participating partners benefit directly from the results and share in a learning process as the project progresses. Secondly, the experimental nature of the projects provides fresh knowledge, for example on job creation, which can be generalised and promoted at Community level. In line with this, some of the reports presented here place their project topic in a broader context, reflecting how the activities focused on may complement or replace tools/policies that no longer fulfil their (employment creating) objectives. These two elements are significant.

The dissemination of results should permit as many interested parties as possible to learn about and benefit from the conclusions drawn.

In sharing and organising in a more formal way the exchange of related experience, participants should derive inspiration for further action to complement or replace their previous activities. To the extent that such ac-

¹ Research actions of an experimental nature aimed at promoting the exchange of experience and the generalisation of good practice and knowledge in selected priority fields of employment policy. Call for proposals published in OJ EC C/114, 19 April 1996.

tivities involve new partners, who themselves may afterwards initiate new initiatives, the lessons learned from action research projects (i.e. the generalisation of results) will be subject to the multiplier effect.

In addition to this, this report attempts to give a more general introduction to the range of activities taking place across Member States – at local and regional level in particular – to combat unemployment by creating new jobs and lasting employment. The underlying philosophy is that despite specificities of "areas", lessons from individual regions/cases can also enrich and improve what are already considered to be good practices in other regions.

Furthermore, as was experienced in some of the projects, transfer need not only be from the most to the least developed regions; less well developed regions often activate innovative intervention schemes, thereby sometimes becoming laboratories for new policies for wider local development and employment.

The presentations here also concentrate on the institutional and management elements of the process of making things happen. This is particularly important where protagonists, who have not traditionally worked together on a formal basis, need to collaborate in order for objectives to be attained. A list of all the partners involved in each action research project is annexed to the report. If the nature and findings of particular projects are of interest, readers are encouraged to seek further information by contacting the participating organisations.

THREE THEMES REFLECTING THE EMPLOYMENT AGENDA

To begin with, three particular themes were chosen, corresponding to the guidelines included in the principal Community policy initiatives in the employment field (White Paper on Growth, Competitiveness and Employment, Conclusions of the European Councils concerning the European strategy for employment, President Santer's Confidence Pact). Today, these priorities are fundamental elements of the Employment Guidelines, according to which Member States have agreed to establish their national employment policies. The three priority themes were:

- 1) **Development of local employment.** Actions encouraging local development and employment initiatives – focusing, for example, on the job potential of local partnerships in responding to needs not satisfied by the market.
- 2) **Active policies for labour market management.** Actions aimed at enhancing the effectiveness of labour market management, in particular by improving local services and employment services and, by promoting integrated information, guidance, training and placement facilities.
- 3) **Company employment policy.** Concentrating primarily on actions in favour of employment which are related to new methods of organisation of work and working time.

In the selection of projects, care was taken to ensure the diversity of issues covered as well as the representativeness of the partners involved in the programme. As far as the topics are concerned, selection criteria were the

possible links with work already completed on the issue, the level of knowledge of the services of the Commission about the area, as well as the degree of innovation. The possibilities of incorporating the results into the European Employment Strategy were also considered.

Finally, as indicated in the call for proposals, specific priority was given to projects which took account of the needs for social groupings requiring particular attention, such as young people in search of their first job, the long-term unemployed and unemployed women, as well as to projects aiming at preventing unemployment and in particular long-term unemployment.

Commission staff, from the Employment and Social Affairs DG, followed each of the projects from its inception, taking part in meetings, seminars and other events. However, the selection of project partners and particular case studies, the management of the project, as well as the conclusions drawn and recommendations provided, were the responsibility of the partners involved alone.

The individual projects and main outcomes are published in three reports, one on each of the above mentioned themes. Although they may differ slightly in style, all of the reports are structured in the same way. This chapter of common introduction is followed by a synthesis of the main findings of the projects under each strand, where relevant linking these to each other as well as to elements of the European Employment Strategy. Chapter 3 contains abstracts of the individual projects. In the annex, a list of the

partners and co-ordinators involved in the different projects can be found.

II. EVALUATION OF ACTION RESEARCH PROJECTS - LOCAL DEVELOPMENT

This chapter draws out some of the main findings and issues around the development of local employment highlighted in the project reports. The first part examines issues that are the direct concern of local actors, and discusses some of the key lessons learned in the Research Action projects. The second part is directed to external actors at regional, national, and European level and relates to the approaches taken by these actors and the instrument and policy adaptation or development highlighted by the projects as effecting local development and employment potential.

The report assumes the reader has some prior knowledge of local development and employment issues and is ready to build on and progress that knowledge - whether from within the local arena or as an external agent influencing local development policies and practices.

The aim of the research action was *'to focus on actions encouraging local development and employment initiatives, i.e. on the job potential of local partnership initiatives responding to needs not satisfied in the market or met by existing public sector provision.'*²

Some of the projects researched certain specific fields, culture, environment, proximity/personal services; others focused on the identification and response to new 'undiscovered' needs, while many were more concerned to understand the workings of partnerships and the emerging picture of op-

eration and co-operation at a local level.

Confirmation of existing theses e.g. the need for multi-actor responses to local employment issues, the inter-dependency of development and employment, and the emergence of a 'Third Sector' or 'Social Economy' can be found across all projects. In this, they clearly echo the European Guidelines for Member States' Employment Policies 1999 and especially Guideline 12.

'..Promote measures to exploit fully the possibilities offered by job creation at local level, in the social economy, in the area of environmental technologies and in new activities linked to needs not yet satisfied by the market, and examine, with the aim of reducing, any obstacles in the way of such measures'.³

² Call for Proposals

³ The 1999 Employment Guidelines (Feb. 1999)

THE LOCAL LEVEL STAKEHOLDERS AND ACTIVITIES

A number of factors are particularly important when it comes to establishing optimum conditions for locally based development. The need to understand and be aware of the interdependent relationship between employment and local development is especially significant.

1. EMPLOYMENT AND DEVELOPMENT

To begin with, development and employment should be considered as two sides of the same coin. All of the action research projects re-enforce the widely held view that development and employment are inextricably linked and the links are at their strongest on the ground, at local level. Two clear beliefs emerge. First, the capacity of a local area's human capital is the single most important factor influencing its potential for economic development. Second, no lasting development will occur unless new jobs are created and there will be no lasting jobs without new or renewed economic activity.⁴

2. THE LOCAL DIMENSION

As the majority of action research projects were undertaken by and/or dealt directly with local actors, the perspective gained from a reading of the reports is one that truly mirrors what it is like to be on the ground, developing local economies and employment. The project partners and the partners in the

case studies examined are all 'local players'. One report describes the town/local area as 'not just a physical space but a social locus, a citizens' urban space, requiring dedicated stimulation of activities, support for the creation of activities, and a pro-active employment policy'.⁵ Thus, the local dimension is emphasised not only as the point of execution of policies and decisions taken at a superior level, but also as a dimension which interprets policies and exploits instruments in a particular manner, and in doing so sometimes delivers considerable added value⁶.

A number of projects note that in developing their areas, local partners often attempt to create or describe a distinct identity for the area, one that is rooted in its past but can be used to 'market' the territory in the future. There is no single definition of 'local' and occasionally, more mature partnerships have extended their 'areas' beyond city and town boundaries to include rural hinterlands and some local partnerships comprise a number of municipalities. The question this poses is how much is a local, social and cultural identity linked to a formal administrative area of competence, taking into account current thinking on changing economic boundaries and how much is known about these local identity boundaries? More importantly, do local authorities and partnerships have the flexibility to operate or at least co-operate across administrative boundaries where they do not coincide with identity boundaries?

⁴ This is particularly strongly emphasised in the Local Partnerships for Employment Development (LEDA) report.

⁵ From Territorial Activity Creation Strategies, see abstracts for more details.

⁶ This point is strongly emphasised in the IMED report and further details are in the abstracts

3. PLAYERS/STAKEHOLDERS

Most players and stakeholders involved in the action research projects are from the public sector, a number are public or quasi public research centres and a few are from the 'third sector'. The social partners are present, although with the exception of a small number of reported cases relating to specific trades unions involvement, their voice is usually only indirectly heard.

A very strong message is that the partnerships represent a powerful movement for change. While some cases are critical of public sector inertia and bureaucracy, no-one could dispute the significant contribution that the public agencies and social partners represented at local level are making towards understanding and developing new approaches in local development and employment⁷.

3.1. Public authorities

A growing national recognition that employment and development strategies are inextricably linked forms an increasing pressure for local public authorities to step up their participation in local employment policies and practices. Another push factor is the growth of the third sector and community groups that are demanding local solutions and a voice in supporting local citizens through a period of societal change. In addition to this, there is a recognition by the local authorities themselves, that the city or area cannot

be effectively managed or developed without a strategic and operational role in employment policies and initiatives. However, there is also consensus that these are roles to be shared with other partners.

Several projects highlight the fact that local authorities to date have little direct competence (responsibility) in employment and unemployment policies and practices. At the same time, as is pointed out in the ELEVEN II project, the existing activities of the authorities very often either impact on employment at a local level or are influenced by the local labour market structure or employment policies determined at national level. In this context, one project goes so far as to suggest that authorities and area partnerships cannot wait for project leaders to emerge or the 'invisible hand' of the market to respond. They strongly urge the active management of the territory by local authorities rather than simply the execution of national policy, and encourage the idea of 'territorial marketing' even in the absence of any official responsibility.

One effect of policies focused on local development is that it modifies the role and influence of public agencies/administrations. All projects agree that there needs to be an increase in the capacity of local authorities to work with the twin objectives of development and employment. The term 'territorial marketing' is coined to describe the combined activities of development and employment generation. The single most important function within territorial marketing is the identification of new needs and the new services and activities which respond to them.⁸

⁷ This perspective has already been noted at European level: 'Social partners as well as local and regional authorities are keen to participate and contribute to the formulation and monitoring of NAPs, and this has led to new joint initiatives involving the social partners.' (1998 Joint Employment report)

⁸ This is discussed in more detail later in the section under the heading - New needs, new activities.

Whether this requires a direct employment 'division' in the local authority (absent, for example, in all city authorities in the ELEVEN II partnership) or, at the very least, strategic and political interfaces with partners from public employment agencies, and third sector, community and social partner organisations, will depend on local conditions. What it will mean is that the know-how of local authorities will need to be extended to include a much improved knowledge and skill base to deal with employment and unemployment policies and innovative solutions.

3.2. Private sector

In almost all cases in the action research projects, the private sector is described as having either an important participatory role or as having clear interests in local development and employment. Factors pushing the involvement of the private sector include the need for new investment for development purposes and a recognition that local development must be planned and all actors need to work together to ensure that plans are coherent and workable. In addition, a new interest in taking a greater responsibility in local issues is attributed to the private sector, and there is a first tentative description of an emerging 'civic entrepreneur'⁹. Civic entrepreneurship is linked to leadership and tasks such as motivator and mediator.

However, even the projects which set out to describe local actor relationships, offer little *direct* insight into the private sector perspective. Interests and motives are attributed to the private sector but no direct voice is heard. More investigation is needed and more

direct communication with the private sector needs to take place at local level to understand the role of the private sector in local development and employment partnerships.

3.3. Social partners

Although social partners have traditionally played rather a weak role in employment creation, the case studies evidence a change and the emergence of a formidable resource in which to invest for the future¹⁰. A significant change appears to have developed in the attitude of the trades unions towards safeguarding existing employment and, at the same time, contributing towards the creation of new employment and its distribution between different genders and generations.

3.4. Third sector

A number of projects note the third sector as an important player in local development and employment. One project provides an extensive analysis and comparison of the third sector with the traditional public and private sectors.¹¹ According to its findings, the sector is a completely new force and has a societal genesis.

Growth in the quantity of third sector organisations has not necessarily been matched by a growth in the quality of their management. Reports suggest that they need improved professionalism, better management and information and accounting systems, and should increase effectiveness through developing skills of staff, unemployed

⁹ Local Partnerships for Employment Development (LEDA) report, see abstract for more details.

¹⁰ Most evident in the IMED project, as noted in the abstract.

¹¹ Territorial Activity Creation Strategies, see abstract for more details.

participants and volunteers. They should also, it is suggested, be given access to instruments that are available to support private initiatives e.g. R&D grants, SME start-up and development programmes, training provision and quality improvement programmes.

Finally, there is some concern expressed about the ambiguous position adopted by some national authorities towards the third sector. On the one hand, the public authorities are reticent in recognising and supporting the development of the third sector, possibly because it reduces their own authority or leaves them open to charges of favouritism. On the other hand, national authorities make use of the sector as a means of introducing flexibility into the public sector, which may be just another way of allocating budgets rather than deploying staff. A question raised by the projects is whether third sector institutions gain anything in the process.

4. PARTNERSHIPS

All projects agree that development and employment initiatives require partnerships at local level to be effective. Some imply that partnerships emerge because representation is considered inadequate. A number of projects place considerable emphasis on the importance of understanding the nature of local partnerships and how they function most effectively. Others describe partnerships as more of a process than a defined structure, where there is a fluidity of relationships, sometimes of a transitional nature within an environment that is characterised by permanent change. The most detailed analysis is from the Local Partnerships for Employment Development which describes the conditions

for making partnership agreements and some principles of sustainability. They define some types of dynamic process; reputation effect, segmentation effect, parochial effect, etc., which may be of value in helping partners to see what behaviour leads to positive benefits in order to improve co-operation and positive partner contribution.

The LEDA report suggests that partnership contributes added value to traditional systems of regulating social interaction i.e. government bodies and the market, and that its main benefit is its ability to innovate. They note that partnerships are only tenable if the relationships between the partners remain stable and that the effects of partnership decrease if informal involvement is decreased. However, they conclude that the longer a partnership lasts, the more it will become institutionalised, which would appear to be borne out by the case histories in other reports. They suggest that over time, as tasks become more diversified, players' behaviour may be more institutionalised and it may become difficult to define each partner's responsibilities accurately.

Participation implies a cost for those who participate. If the cost of information or partnership transactions increases, the efficiency of the partnership may decrease. Therefore, if partnerships are to achieve their full potential, the marginal cost of information must be controlled. This can be achieved by setting up partnership evaluation procedures, which will obviate the need for partners to duplicate their investments in information. The ELEVEN II report takes a similar view and argues that subsidiarity is a prerequisite of the efficiency of territorial partnerships and if national authorities,

directly or through local agencies, try to control them or to enclose them in strict regulations, the expected results will not be achieved.

A general trend, often described in mature partnerships as 'co-ordination', is more suggestive of a move towards a hierarchical or supervisory approach which may explain the resistance to partnership participation from employers and other local social partners cited by projects. There seems to be two types of cultural systems co-existing here within all local partnerships. One of these could be described as a group/peer social system, often emerging spontaneously in the local community. The other, more formal system, is the result of genuine attempts by political/administrative authorities to address issues of development and employment, and although it aims for consultation and consensus, is inclined to be hierarchical and more controlling in nature.

Mature partnerships in the Local Partnerships for Employment Development appear to favour official 'co-ordination' of otherwise heterogeneous and fragmented groups. However, it is unclear whether the overall effectiveness of local partnerships will be improved through this 'co-ordination' - nor is it wholly clear what are the measures and indicators of success on which these decisions are based. It would be useful to map the roles of partner organisations and the structures of partnerships systematically over a sustained period and to create systems maps and models for comparison and benchmarking performance. What is generally agreed is that there is a need for balancing creativity and efficiency - enough of the right people and some basic rules - and

multiple links to local community, regional and national structures.

The AFLA project focused specifically on public/private partnerships and how they might be utilised to leverage additional sources of investment and improve effectiveness in local employment and development projects.

5. INFORMATION FOR LOCAL PLANNING AND DECISION MAKING

Two projects in particular aimed to collect and analyse local data. Territorial Activity Creation Strategies aimed to develop a detection and evaluation methodology to ascertain the potential of unexploited activities in the support of a local development and employment creation strategy. ELEVEN II on the other hand, examined existing data from city authorities, and attempted to correlate and interpret the data, in order to find out what employment benefits resulted from developments in culture, environment and proximity services. Both point to a problem in terms of data availability, reliability and comparability. Local development and employment has validity because the local partnerships know their local area and populations. But the question arises - how much do they know about their local areas and how valid and quantifiable is the data?

One problem highlighted by both the Territorial Activity Creation Strategies and ELEVEN II projects is the lack of data availability that is relevant for local level decision making. Data is currently collected at national or regional level and corresponds to the data schemes of the collection authority e.g. demographic and employment data. If the local authorities and partnerships

are to have a really comprehensive understanding of their area, correlated detailed data needs to be available to them on a regular and up to date basis. A simple decision on childcare services needs cannot be taken unless local authorities know how many families in the community now and in the future will need them. The same can be said of other home and transport services as well as a range of services in other employment fields.

The argument is made that data collection, specific to the needs of the local context, must have a local input to be really useful. Similarly, little useful evaluation can be made concerning the impact of local initiatives unless appropriate data is available. There is a need for tools, for resources and for diagnostic and analytical skills at local level if local authorities and other players are going to really 'know' their locality. In addition to applying new technologies to the collection and generation of data, new tools could be applied by administrations to simulate scenarios which provide simultaneous impact of development policies on employment, and labour market impacts on development prospects.

By way of example, the findings of the ELEVEN II project are that only very recently have the activities in culture, environment and proximity services been considered by city authorities to be relevant within the context of employment policies. There is little understanding of the employment effects of any activities in these sectors and almost no consideration of the impact on employment policies.¹²

¹² The 1999 Employment Guidelines address this issue through specific reference to environment and culture.

6. NEW NEEDS, NEW EMPLOYMENT OPPORTUNITIES

All projects confirm that the local area is the locus for the identification of new needs, which may be the basis of new development activities and new employment. There is growing consensus that these needs will not always appear spontaneously, or be identified by the market, and they will need to be 'discovered' or stimulated and nurtured through a gestation period which will include a process of linking the needs to supply responses. Methods for needs identification are still under-developed although one project, College Coopératif, has attempted to develop a methodology and tool.

Research across most of the projects demonstrates that an integrated policy of development and employment, with new needs identification as the starting point, can lead to new employment opportunities. The project UEAPME has gone further and, using newly collected and existing data, has extrapolated and forecasted employment potential in four European countries and the EU as a whole, in the heritage restoration field. The forecast, a half million EU jobs in the field, is based on the requirement for urgent restoration in the built heritage environment, and highlights the need for trained craftspersons with specific restoration skills to undertake the work.

Another project, Headways, in the environmental sector, demonstrated how needs identification in 26 projects led to new employment, and the insertion of unemployed persons in the sub-sectors of waste management/recycling, ecological services, ecological construction and restoration work, energy and environmental technology

and green jobs in a rural environment. With their high labour intensity and predicted low productivity growth, these sectors of heritage and environment offer important starting points for needs analysis and new development activities.

As for proximity/personal services, there is no argument against the existence of needs in childcare, homecare, services to the elderly, special transport needs, etc. The challenge is to find ways to support the growth of activities which can respond to them. One project describes a self supporting response in France for domestic services activities (IMED) but it is the exception; almost all services and activities in personal /proximity services remain dependent on public subsidy or voluntary sector funds. The idea of developing an important new private market in the personal services field, which has been strongly advanced within the EU policy area, is not the subject of any attention in the cities' policies in the ELEVEN II project. Having said that, there is also a view that proximity services, and cultural and environmental activities are instruments of social cohesion, and in the longer term, may help to offset costs which might otherwise have occurred through marginalisation, social upheaval and fragmentation.

What is clear is that any attempt to provide services in any of these new fields must match the quality available or expected in the market, and must be sustained for an adequate period if it is to build a client base among those who need or want the service. What is also clear from the employment perspective is that employment opportunities promised to beneficiaries who take up subsidised work or training placements

must materialise if they are to be motivated and inserted effectively into the labour force. This means that development and employment must be part of the same integrated plan.

EXTERNAL SUPPORT FOR LOCAL DEVELOPMENT AND EMPLOYMENT

Whilst many factors influencing local employment and development are in the control of local stakeholders, they are nevertheless dependent on regional, national and community actors for policies, actions and instruments to optimise local conditions.

1. SUPPORTING EMPLOYMENT AND THE CONDITIONS FOR EMPLOYMENT

Most policy instruments for development and employment are designed and authorised at national and/or regional level. A lesson learned by more mature partnerships is that, in centralised states, national level administrations are also local stakeholders and need to be brought into local partnerships. Recognising that without their input, local development actions cannot take place, requires that national authorities take responsibility for ensuring that they make a positive and effective contribution at local level. What is needed are policies and instruments that support employment (working with individuals, training systems, guidance agencies etc.) and instruments and policies that support the conditions for employment (working with local authorities, third sector organisations, social partners and private companies).

In the context of strengthening employment, there is a need to re-order the relations between local and central authorities and to differentiate between actions which give access to employment through enterprises (insertion, training etc.) and actions which aim to

create and maintain employment by enterprises. There is a need to simplify public aids and instruments, improve the selection of destinations for them, prioritise measures which aim at employment rather than compensating unemployment and give local authorities and partnerships greater flexibility in the application of instruments.

2. EDUCATION AND TRAINING

One area of considerable concern to local partnerships is the education and training systems and their lack of integration into local employment and development strategies. Usually controlled at national level, and under the authority of different ministries and agencies, too often they are unable to meet the need for flexibility required in developing new employment opportunities at local level. However, training models such as the Spanish Escuelas Talleres offer useful examples of how training, insertion, employment and local development can be integrated at a local level.¹³ Human capital investment must be ahead of, if not in tandem with, development policies, and education and training systems need to be flexible enough to respond to local development needs.

The same mandate for co-operative flexibility needs to apply to all local representatives of national authorities, and interfaces need to be built between agencies that accord synergy and avoid duplication at local level. Too much control and formalisation and too many administrative layers ought to be avoided. Many projects ascribe failure to achieve objectives or project weaknesses to confusion over responsibility, and bureaucratic layers delaying deci-

¹³ See IMED abstract for a case study describing the Escuelas.

sions and costing precious resources to negotiate.

There is a view that administrations need to regulate more workable relationships between one another and to design and provide smart information systems that allow sharing of data and know-how. These same systems could be used to encourage exchange between local areas. What is implied is that administrations act as facilitators to local authorities and partnerships and not just controllers and policy authorities. This same facilitation role could support new data collection activities, and provide up to date flexible databases and tools that could be employed at local level.

European, national and regional authorities also have a role to play in guiding local initiatives towards good practice in strategic planning, clear objective setting, the establishment of measurement indicators and evaluation methods. Evaluation should be formative and aimed at improvement - the projects evidence a clear desire by local authorities and partnerships to constantly 'learn to do it better'. This finds clear echoes in the 1998 Joint Employment Report¹⁴.

3. DRIVING DEVELOPMENT THROUGH LEGISLATION AND NEW POLICIES

Legislation generates changes in practice and in the case of environmental practice there is little doubt of a direct link between legislation and new skills,

new jobs, new businesses. National authorities can build new activities and employment at local level through improved environmental policies and legislation. The same is true of other fields, elderly and childcare services, transport and equal opportunities requirements. Policies for change can only occur at national and EU level but the impact on employment and development will be at the local level.

For example, in France, the change in working time, as described in the IMED project, has generated employment opportunities for unemployed in enterprises, and the legislation is being accompanied by measures at national, regional and local level to support the gradual process of change and assist firms locally in making the change. In Spain and Italy, legislation allows the profits of savings back to be utilised in 'Foundations' for the specific purpose of undertaking socially beneficial activities. Some of these have directly benefited the development of cultural industries and the heritage sector. National policies and practices, therefore have a direct impact on local development and employment and consideration must be given to this impact at all times in policy development and legislation.

4. CONCLUDING REMARKS

The action research projects considered in this report provide a useful input to the debate on local employment and help progress towards evolving policy and improved effectiveness of actions on European local development and the employment strategy as a whole. As noted above and in the abstracts, the projects cover a wide range of issues as experienced from the local level. The richness of the experiences and the detailed approaches adopted at local

¹⁴ 'Co-ordination between administrations and strong partnership between local and regional actors are the key to promoting local development and developing sustainable jobs in the social economy.'... 'ongoing work in developing common criteria for the identification of good practice and comparable statistics and indicators will contribute to such an assessment in future Joint Reports.'

level provide a basis that generally confirms current European Commission and Community actions and priorities. The results provide some important opportunities to refine current thinking as well as some new ideas. Some of the concerns expressed about issues that need to be addressed are already being taken into account by other European Commission and Community initiatives. As a recent example, local development is integrated as a horizontal priority in the new ESF Regulation (and for the programming period 2000-2006).

The concerns and findings of the projects are a valuable contribution to the on-going discovery of best practice. They are an important building block on work undertaken over the last decade in particular and make a valuable contribution to current and future activities of relevance to the European Employment Strategy.

**III. ACTION RESEARCH
PROJECT
SUMMARIES**

**PROJECT NAME: PUBLIC
PRIVATE PARTNERSHIP,
INITIATION AND
IMPLEMENTATION**

1. PROJECT OBJECTIVES

The project set out to investigate whether there is a model of Public Private Partnerships (PPPs) which can demonstrate that PPPs are a means of leveraging local, and especially, private sector resources into projects which address employment and development issues. As part of the process, the partners aimed to describe the most important features of PPPs and to identify the most important aspects of the process of developing PPPs.

France	3xi Brest,
	Lille Metropolitan Development agency
Finland	City of Espoo,
	City of Lahti
	City of Oulo
Portugal	Castelo Branco,
	Limerick City Enterprise Board
UK	Luton Borough Council/Bedfordshire County Council

**2. COUNTRIES INVOLVED
/PARTNERS**

The project was led by the Association of Finnish Local and Regional Authorities, AFLA, and eight other local authorities from five EU Member States participated.

3. BACKGROUND

The project's starting point was an earlier study by AFLA on co-operation between the public and private sector. The study had generated interest among a group of public sector agencies that had some experience in Public Private Partnerships who were seeking to improve access to resources from the private sector within the context of development and employment objectives.

It became evident at a very early stage in the action research that in order to achieve their objectives, the partners would have to examine the concept of public private partnerships and processes that emerge in the early stages identification and set up as well as the operation of PPPs. Therefore, part of the project was to focus on a description of the most important features of PPPs and the critical phases of their development.

4. FEATURES OF THE PROJECT

Four seminars were held during the project period. These seminars comprised workshops and case study analyses reflecting the direct experience and local context of the partners. The workshops were used for the exchange of views and gathering of generally applicable operations models and definitions of PPPs.

In the report, short descriptions are given of PPPs from each partner. Most of the PPPs appear to relate to projects addressing the built environment although some also describe human capital investment. The PPPs are listed below and where human capital or enterprise development investment is included, this is specifically noted.

- **Oulu, Finland.** The pedestrianised, residential part of the city centre

has become over-crowded and needs expansion. An old adjacent marketplace is the object of development under the partnership programme between the public and private sectors.

- **Castelo Branco, Portugal.** The commercial area has become run down and lost competitiveness in recent years. Traffic and parking have become a problem. Under the aegis of a partnership between the City and the Commercial and Industrial Association, a new programme to renew the city is underway. The plan includes some activities to improve SME competitiveness, as well as physical refurbishment.
- **Lille, France.** The Comite Grand Lille, a local club of 2-300 members, initiated a proposal to bring the world chess championship to Lille. The successful promotion campaign brought together partners from a wide range of public and private interests. This model has formed the basis for other high profile events.
- **Limerick, Ireland.** New legislation in the 1980s, aimed at increasing investment from the private sector in urban renewal, led to a partnership between the local authority and private developers. This has allowed for controlled, consensual re-development of former derelict areas.
- **The city of Espoo, Finland.** The development of an ice hockey hall in Espoo was a the subject of a long and protracted debate in the city over nearly two decades. In the 1990's a private company agreed to lead a partnership with the city as a minority owner.
- **Luton, United Kingdom.** A partnership of public, private and voluntary organisations has come together to help build local human capital. Activities include support for reading skills development of school children through to an arts and media centre development. It also includes the generation of new businesses and active employment programmes.
- **Brest, France.** 3xi is a not for profit organisation combining public and private resources. It promotes innovation and the application of new technologies in SMEs. It acts as a catalyst supporting the development of PPPs. It helps to promote networking and co-finances partnerships.
- **Green Triangle, Finland.** The Cities of Orimattila and Lahti are operating Industrial Agenda 21 programmes. The objective is to increase environmentally sound businesses in the area. Green Triangle, Finland is an organisation which works as a catalyst to bring together public private partnerships in the field.

In the two latter cases, bridge building organisations have been established to bring together public and private partners for specific purposes in local development projects. They refer to projects funded mainly by European Community funds in France and for new national environmental initiatives in Finland.

5. KEY FINDINGS

The action research project mirrors the concerns and interests of public authorities in relation to public private partnerships. The report contains mainly qualitatively data and reflects

the immediate experiences and views of the partners.

5.1. Principles of PPPs

From the public sector perspective, four leading principles for PPPs have been defined:

1. Recognition that the private sector is driven by a profit motivation,
2. The public sector has goals of its own which support its development objectives,
3. Both parties should participate in partnerships at their own financial risk,
4. Co-operation underlies the performance of all PPP actions.

5.2. Key discoveries - partnership, risk, market focus

Within the framework of these principles, three issues in particular, are identified as important new discoveries as a result of the project.

- There is a difference between co-operation and partnership and according to the partners this should be more widely disseminated and explicitly presented in EU and nationally funded programmes. Co-operation is seen as informal, carrying little or no risk and more likely to result in an exchange of opinions rather than concrete collaborative work. Partnership on the other hand carries risk, demands commitment and requires that each partner's independent interests are adapted to the partnership objectives, on the basis that there is specific and greater value to be gained from the partner approach. Co-operation may precede and/or run in tandem with partnership and in-

cludes networking, negotiation and discussion in its field of endeavour. Partnership implies a more formal and almost always written contractual arrangement. Over time, co-operative arrangements build partnerships.

- Risk is essential in partnership and must be shared by the partners. Risk requires commitment. Too little risk means that the commitment is weakened and cannot be guaranteed. The higher the risk and commitment, the higher the incentive to succeed.
- The benefits of joint risk taking are improved partner commitment, an approach that combines the best of the contributions of both partners, and the extra value added as a result of working together. It is more likely to result in a more market oriented approach with greater potential for sustainable development and employment. Market oriented strategies tend to be more successful in achieving outcomes on time and budget.

PPPs imply a political and strategic culture change in traditional public authorities. They are a dynamic tool for the strategic management of public organisations.

5.3. PPPs as projects

PPPs are generally conceived of as projects. That means that a process occurs which is described as 'projectization' and which is active and systematic and which has the characteristics of project work. In other words, it has a start and finish, a specific ring-fenced budget, is objectives led, may have a distinct set of proc-

esses attached, the project organisation relates specifically to the task, and is more likely to have active controls and measures.

5.4. Rules are necessary

PPPs require clear explicit rules. Some of these are imposed or defined by the legislation and rules under which the public partner operates. Others may be set either at the local level as generic rules for all PPPs or for the specific PPP. These rules should not only be considered constraints under which the project operates but may also contribute to the project's objectives. Having clear and explicit rules supports greater transparency and enables greater 'buy in' by the public.

5.5. Communication is essential

Communication about the objectives of the PPP and its benefits and value added are essential in gaining public support and confidence. Vision and leadership is important in creating confidence and inspiring trust. The project also argues that it is often commitment initially from the public sector that stimulates and initiates action.

Where more than one project constitutes a PPP or where there are a number of PPPs in the local area, a strategic as well as project specific objective must be evident if PPPs are to be successful.

5.6. Benefits must be clear

PPPs must bring added value. They should only be undertaken when the objective cannot be achieved by separate private and public activities and when combining forces brings additional potential for the achievement of

objectives. Both public and private partners must envision benefits from the partnership. This value added benefit may come from improved efficiency in the use of resources and a better return for both parties, it may result from the wider experience brought to the collective table (leading to perhaps a more market-oriented approach), or from the benefits of scale from the combined resources.

Model PPPs incorporate evaluation, both short term project evaluation and long term impact evaluation. The report provides two brief example descriptions of evaluation approaches undertaken by PPPs.

PROJECT NAME: TERRITORIAL ACTIVITY CREATION STRATEGIES

1. PROJECT OBJECTIVES

The project had five main objectives:

- To develop a detection and evaluation methodology to ascertain the potential of unexploited activities in the support of a local development and employment creation strategy.
- To design and prepare a guide to implementing such a strategy
- To put in place, in the towns involved, a planning and organisational system consistent with the results of the action research
- To define the most appropriate modes of supply and support structures
- To design systems for integration of long term unemployed into enterprises

2. COUNTRIES INVOLVED /PARTNERS

France: College Cooperatif, Provence,
Alpes, Mediterranée
EURECA, Marseilles
SYNERGON, Marseilles
Mission Emploi, Marseilles
Université de la Méditerranée

Germany: BerlinSenate, Beratung
Bildung Innovation, Berlin

Greece: Town authority representatives
Patras,
University of Patras

Italy Town authority representatives,
Genes,
University of Genes

Spain Town representatives, Seville,
University of Seville

3. BACKGROUND

This project attempts to shift political and economic thinking away from the traditional models of describing all local economic development as a function of either public or private activity and all work in terms of conventional employment. Instead, "activities" is a term used to describe the response to the new needs of individuals and groups. These 'activities' may be within the current sphere of responsibility of the public or private sector or both, but may also be outside either of these spheres and as yet undiscovered. The activities are therefore presented as services rather than the production of tangible products. Following this, the aim of the project was to see whether, within the context of a local development strategy, it is possible to detect needs that are either not currently satisfied or not sufficiently satisfied, or which may be latent and not yet 'discovered'.

A number of fundamental beliefs underpin the strategy. The starting point is the belief that new, if latent, needs have begun to emerge as a result of changes in work organisation, social and family structures, globalisation and growth in information technology. These changes are impacting on social cohesion and individual and group expectations and fears and thereby generating new needs for services and social activities. These new activities and services are emerging most clearly at local level and can only be properly detected and described at this level. The people or organisations in a position to identify and respond to these needs are local partnerships and

authorities because they are closest to their communities and in a position to understand comprehensively their needs. As these needs have a societal genesis, they are 'common interest' needs.

The challenge was to create a tool that would support the collection, collation and analysis of needs and that was sufficiently flexible and reliable to convince the partners and their local actors of the validity of the approach. Not only were they expected to apply the tool, but were expected to utilise it within a huge change process - which required strong political will, training and setting up territorial employment technicians/agencies, putting in place local information systems, the knowledge of financial and legal means at their disposal and their adaptation, and implementation of these means to re-structure supply to meet the needs identified.

4. FEATURES OF THE PROJECT

A critical element of the methodology was the data collection of local needs. This was achieved through a common approach providing a set of steps which follow a structured set of inter-related questions, first applying to the policy level and later supporting technical staff in data collection. In attempting to measure the scale and scope of activities to meet identified needs, the methodology used standard units of measurements (e.g. hours of activity), and a range of agreed variables.

All the partners undertook the first part of the methodology, the needs analysis for specific new requirements at local level, both in terms of universality and intensity. Most also began to identify

sources of existing supply and measure the scale of activities required to meet demand. Some also undertook some form of gap analysis. A smaller number also began to identify ways of re-structuring supply to stimulate supply activities and thus employment.

Dissemination was undertaken both internally in the regions/local areas and externally. At local level, the project report was disseminated to policy makers and a guide on methodology to more technical staff. Seminars and presentations on the methodology and findings were also held. Externally, dissemination was achieved through the main institutional players (circulation of report and guide) and partner networks.

5. KEY FINDINGS

5.1. Defining a new role for local partnerships and authorities

The town/local area is not just a physical space but a social locus, a citizens' urban space, requiring dedicated stimulation of activities, support for the creation of activities, and a pro-active employment policy. This relates to the European policy of subsidiarity. In this context, local authorities and area partnerships cannot wait for project leaders to emerge or the 'invisible hand' of the market to respond. Instead, "territorial marketing" is the *active* management of the territory by local authorities and not simply the execution of policy. According to the project partners, this is urgently required, even in the absence of the authority/responsibility to do so. A significant function of territorial marketing is the identification of new needs and the new services and activities which respond to them.

The project reported that the methodology can only be implemented in an area which has already or is developing a territorial development strategy, in other words, where there is the political and common will for a significant change in approach. Local partnerships have a global view of their population's needs as opposed to specific interest groups, have a strategic view of local development and can assure continuity of purpose and action. Theirs is the 'common interest' and thus they are the most appropriate motor for the development of these new activities. There is a requirement for local partnerships and authorities to undertake a new and thorough analysis of their populations, to learn to understand them better, to measure and quantify new needs and to implement strategies

to match new demand with new supply.

5.2. Applying the methodology

The partners found that the methodology can be transferred across different towns and cities but, in order to adopt this approach, certain local conditions will need to be put in place. These conditions are both political - a preparedness to adopt a strategy driven by common local interests which may require important changes of local systems and decision making approaches; - and technical, the establishment of structures and systems that aid the strategic process.

Studies of needs and possible niche activities: chosen by the partner towns

Berlin	Genes	Marseilles	Patras	Seville
Services for mental and physical disabled	Services for aged at home	Services for aged at home	Services for mental and physical disabled	Services for aged at home
Services for aged at home	Childcare	Student catering, industrial cleaning		Childcare
Services linked to urban generation	Services supporting tourism and cultural generation (public spaces)	Accompanying specific publics in travelling	Maritime sport activities	

In order for these new needs to be 'liberated', they need to be identified, codified, and examined for market constraints.

However, data collection posed some challenges where:

- data was too general or too specialised and too difficult to articulate with other sources
- data was non-existent or non-recoverable or too costly to produce
- data was incompatible and local observations were very specific and not adaptable to other areas

Partners also had difficulties:

- in knowing when to stop the identification of needs
- understanding the intensity of a need
- combining typologies of needs
- estimating supply.

The report notes that, currently, local authorities and development agencies rarely, if ever, have the type of detailed statistical data they would require in order to undertake detailed territorial planning of the nature proposed.

To meet these objectives, the project partners proposed to develop a data collection methodology and in the course of so doing, to design an instrument called LOCOSTAT to be utilised in the data collection.

New needs almost invariably relate to the lives of individuals and as such, they do not fall within the conventional

public and private spheres of interest and responsibility which have evolved from an industrial society model. The complex web of public organisations and administrative functions, pressure on public finances, and the plethora of public development and employment instruments laid one upon another over decades, have resulted in a public sector system of local administrations with restricted authority, limited responsibility and insufficiently competent to identify and respond to these new needs. Furthermore, market forces, globalisation, and increased competition have pushed more and more small private sector players into market disadvantage where conventional supply by the private sector at local level has resulted in gaps where social and economic requirements are not met.

5.3. The third sector

Another key finding is the important role for the third sector in meeting these new needs. The partners describe the third system as 'a system in the making' and conceptually quite distinctive from the first and second systems. It is one that has a societal rather than a traditional public or private genesis which makes it most suitable to treat these newly emerging 'societal' needs. The report distinguishes the different systems by a number of different criteria such as - who takes the initiative, how are the different systems financed, what are the different objectives etc. as set out in the chart below.

Fields/ Characteristics	Outside the monetary system	Public service	Third system	Market Economy Services
Initiative	Individual	Public/political	Mixed	Private
Finance	Solidarity Exchange	Taxation Marginal participation of users	Mutuality Subventions Participation of clients/users	Sale of services
Regulation	Domestic Neighbourhood	Public administration	Mixed	Market
Production structure	Individual or group	Public/state Local partnerships Direct state control Public institutions, Private, public and other representative bodies	Associations Co-operatives Enterprises Public authorities Mixed economy organisations	Companies Private persons Co-operatives
Target public	Individual Family, neighbourhood group	Citizens, users Beneficiaries	Clients, users	Clients
Objectives	Self governing production of usage value	General interest	Collective interest	Profit

5.4. Territorial Agencies For The Creation Of Service Activities (Agences de Création Territoriale d'Activités - ACTA)

Having 'detected' and described the needs, the project went on to identify and quantify the activities or services that would be required to meet these needs at a territorial level. The project further proposed to design and implement strategies which would generate activities and thus, new work/activity opportunities. Within the overall vision, an important aim was to prescribe trained experts ('development creation agents') to undertake needs/supply and gap analysis, and to work with relevant public, private, community and social economy actors

to re-structure activity supply and support systems.

In response to this, the partners considered that there is a requirement for new autonomous agencies established by territorial partnerships and local authorities, and encompassing representatives of all those concerned with local development. These agencies should be flexible in their legal and financial functioning, multidisciplinary in resources and be objective/results based.

It is proposed that these agencies should be mandated to have the principal task of identifying local needs and the corresponding activities to meet them within the territory. ACTAs should have three main roles - statistical, activity 'creation' and support of

new activities. Their terms of reference should include:

- constructing and developing statistical databases relating to a comprehensive knowledge of the population;
- constructing and developing a database of supply for existing services;
- identifying potential activities by needs and sector type,
- developing methodologies to identify gaps;
- developing feasibility scenarios for the potential of these activities (constituting in effect vademecum for putting them in place),
- putting actions in place to meet the strategic plans.

The partners do not define the amounts and means of funding ACTAs but suggest that funds might be liberated through substitution of costs currently directed more passively at unemployment benefits. It may be that different territorial fiscal and economic environments will result in different types of responses from the public and private sector in meeting the cost of these services.

In order to undertake this role, the proposed ACTA's staff would need to be multi-skilled and the model profile is not currently an identifiable profession. Two current skill profiles offer some of the skills - local development agents and start-up business consultants. However, the partners recommend three more skill requirements - a deduction rather than induction capacity, the capacity to find, train and back up people creating new activities (and in their absence, the creation and implementation of a methodology to identify potential activity sectors) and

the capacity to design specific organisational and legal/administrative structures which may be quite new and different. The report argues for a new job profile with appropriate professional training to be set up covering subjects as diverse as law, finance and social engineering. They propose that new tools will be needed to support the work of these agencies, in particular, tools for statistical analysis such as the proposed instrument LOCOSTAT.

By the end of the project, few of the towns had gone further than the beginnings of construction of a territorial strategy based on the potential client needs identified by the method. Some were planning the implementation of some of the strategies, most notably in Marseilles, Seville and Patras. The report states the partner's belief that it is too early to measure the effects on the supply side, or any possible changes in legal and information systems, or for the emergence of the new territorial development professionals.

5.5. Future plans

For each of the towns, the project has led to decisions to go further and continue with related strategic developments and actions. These have been influenced by the nature of the local needs, and how they are accounted for, political and institutional systems, and the level and characteristics of current supply and its relationship with demand. In the future, the report states that the partners may establish a web site fed into by all active partners, with an on-line guide, and possibly, collective promotion and training for communities investing in the new methodology. Other follow up and continuing action under consideration includes

- an in-depth application of the methodology to one specific field e.g. culture,
- a widening of the methodology to include other fields,
- specific financial engineering for service activities.

Future plans for each partner towns

Seville	<ul style="list-style-type: none"> • Establishment of an observatory of employment • Experimental programme to link unemployed over 40s with newly identified service needs • A development agency to support unemployed and enterprises in certain city zones • Subsidies and economic incentives for project leaders • Professional training for project leaders in specific sectors
Patras	<p>Establishment of co-operative for the care of disabled persons run by formerly unemployed women.</p> <p>Town authorities are providing</p> <ul style="list-style-type: none"> • Premises concessions; • Training of the women; • Mediation between the women and the sectoral institutions; • Administrative support.
Genes	<p>Concentration on public services (e.g. day nurseries, hospices) with direct supports such as</p> <ul style="list-style-type: none"> • Privileged access for social co-operatives to certain markets • Free plant/supplies to develop certain activities • Support to respond to demand • Support for recruitment in new activities • Creation of new forms of work organisation to produce certain services at lower than market prices and/or to increase numbers of beneficiaries
Marseille ¹⁵	<p>Specifically for proximity services, initiatives/actions include</p> <p>Encouragement for the Titre Emploi Service¹⁶ instrument in response to demand</p> <p>Support for emerging supply</p> <p>Establishment of a 'Territorial Development Agency'</p> <p>Promotion of 'new services, new employment' in</p> <ul style="list-style-type: none"> • everyday domestic services • improvement of dwellings and neighbourhoods • safeguarding and improving the environment and public places • transport • recreation, sport and culture
Berlin	<p>Support from the Senate for further trials and experiments in Kreuzberg (part of the city suffering from socio-cultural and economic deprivation).</p> <p>Kreuzberg will have its own territorial development agency, which will</p> <ul style="list-style-type: none"> • put the methodology in place in the zone • identify potential economic activities • transform activities into employment.

¹⁵ The French town of Argentan are applying the methodology to the cultural sector in the context of an EU project under the 'Third system and employment' and in the Midi-Pyrenees region, an inter-communal area of over 100,000 people, they are considering the methodology as a means to develop personal services.

¹⁶ A brief description of this instrument is provided in IMED abstract.

5.6. Recommendations

The overall recommendations from the project include:

1. Local authorities and area partnerships have an undeniable role as local animators. Their role should not only be in space management but as the 'common interest' animator.
2. A territorial strategy for activity creation should start with needs first and then look to see how these can be satisfied, thus instituting a societal genesis to local development practice rather than a public or private one. Needs identification should be a priority for local authorities.
3. Local authorities must extend their authority/responsibility and should continually search for responses to real but latent /unsatisfied needs.
4. The third sector should be supported as a key player in meeting societal needs.
5. Traditional employment should not be the only objectives of employment policies, the demand/offer of work may not necessarily or exclusively be the only legal form of employment.

PROJECT NAME: ELEVEN II

1. PROJECT OBJECTIVES

This action research is a follow up to the 1996 ELEVEN pilot project and expands the original partner base to involve a total of 21 cities in 11 countries, covering an urban population of 15 million people.

The objectives of ELEVEN II were:

- To undertake a comparative analysis of the cities' culture, environment and personal services policies (hereafter described as the three sectors), to investigate how policies in these sectors were integrated into labour market policies and to attempt to quantify what impact they made on employment.
- To exchange know-how between the cities.
- To build a portfolio of best practices incorporating case studies of those which demonstrated the best results with the most potential for fast transfer.

2. COUNTRIES INVOLVED /PARTNERS

City authorities in Austria, Belgium, Finland, France, Germany, United Kingdom, Greece, Ireland, Italy, Spain, Sweden

3. BACKGROUND

The background was the pilot project undertaken by the network ELEVEN involving 11 European cities in 1996 which analysed their employment policies and projects undertaken to combat social exclusion. The conclusions in 1996 were that the three fields of culture, environment and personal services harboured latent demand and significant labour intensive growth potential. However, it was also acknowledged that lack of growth was

constrained by market failure and factors such as unfavourable regulatory frameworks.

The ELEVEN II research action sought to ascertain what impact local projects in the three sectors made on local employment and to identify ways in which, through exchange of expertise and know-how, the 21 cities could take advantage of the lessons learned to contribute to their own development and employment creation.

4. MODELS OF LOCAL POLICY AND APPROACH

In setting the context for the research action, the cities involved were examined in terms of their policy approaches and culture and classified as either belonging to the public sector or private sector model.

Public sector model	Private sector model
Tends to be driven by social objectives	Tends to be driven by economic objectives
Has heavier dependence on public funding mainly through taxation	Takes the view that economic competitiveness drives employment
Involves private sector only to limited degree and it is rarely directly benefited	Based on belief that job creation is the responsibility of private sector
More likely to involve target beneficiaries in management of social policy projects	Supports the unemployed in finding work and with less emphasis on direct assistance
Public sector plays the major role in funding, management, control/regulation	Public sector intervention less direct - though may be a partner on multi-actor projects
Demonstrates high level of accumulated expertise in social policies	Can result in private firms benefiting
Found in majority of European cities with the exception of the United Kingdom	Found in the UK but with some characteristics also increasingly emerging in other European cities

What emerges is a picture in which the private sector model is increasingly being adopted in European cities, with the public sector giving up its monopoly role, developing new formal relationships with the private sector, undertaking more active employment policies and seeking more diversified sources of funding. This coincides with a more liberal economic policy, reduced public resources, limited authority of the local authority over employment policy, and the need to see public interventions as 'transitional' arrangements in the integration of the unemployed into the open market.

5. FEATURES OF THE PROJECT

Specifically, the project sought to undertake:

- budget analysis in order to examine the effect of spending in the three sectors

- analysis of employment impact in the three fields
- communication and dissemination of the project and its results internally and externally and to involve other actors
- an examination of a sample of projects
- improvement of the skills and know-how of the partner organisations and individuals
- stimulation of the network and co-operation within it.

6. RESEARCH METHODOLOGY

Each city gathered information which included case details and statistical data. In the latter case, much of this related to budgetary income and expenditure, and if feasible, data on the impact of spending on employment creation. Information and case details were gathered for 146 projects operating in the three sectors. Other criteria for their selection included: relevance

to employment creation; innovative nature; and transfer suitability.

The project created a framework for the collection and analysis of financial (revenue and expenditure) data. The results are only estimates, but offer some important areas for further investigation, and highlight some of the difficulties in undertaking this kind of analysis such as different formulae for accounting for revenue and expenditure; difficulty in identifying specific budget categories; and difficulties in interpreting the data.

The data provides a useful basis on which to describe and collect further data for future comparisons. It currently covers revenue sources, and global city expenditure categorised as follows:

- General administration, justice and police
- General education and culture
- Sport recreation and tourism
- Transport
- Territory and environment
- Social sector
- Economic development and business services

In order to analyse common elements in successful projects, the projects were divided into three types: projects exclusively concerned with employment; projects which are purely sectoral in objective, and projects which are integrated. The latter two are projects which from the start combine the twin objectives of a sector and employment, e.g. culture/employment and they are measured by the successful achievement of both objectives. An inherent belief is that customer satisfaction is

necessary to promote new markets and create stable jobs, and that projects must improve 'employability'.

7. KEY FINDINGS

7.1. General trends

Public intervention is being reduced - certainly in its role as primary player and in the direct management of activities. Active employment policies are considered more effective than passive ones and where the cities can play a part in these, they recognise they have a role within the 'development' context. Active social policies are also being embraced whether driven by social or economic objectives. In both cases, there is an emerging pattern of directly involving those being targeted in the active design and management of the activities. There is also a general move to seek more diversified sources of funding. Monitoring and evaluation, however, are rare and normally only found where it is a requirement of funding provision e.g. EU projects.

7.2. Local participation in development and employment

City and local authorities may have more or less authority over initiatives in the cultural, environmental and personal services field; they rarely have formal authority over initiatives in the employment area. There are no internal employment departments found in any of the cities in the network, although in a small number of cases (the 'city-regions'), there may be a role in carrying out national or regional employment policies. More generally, the links between national and regional employment policy authorities and city authorities are weak. However, most

city authorities' competence means that they cross into issues and activities that influence and incorporate employment issues - enterprise stimulation and creation, training, local infrastructural investment and development etc.

Only very recently have the activities in the three sectors been considered by city authorities to be relevant within the context of employment policies. Despite insufficient understanding of the employment effects, the project found that the local authorities do recognise that there are emerging needs leading to latent and potential demand for improvements in the social quality of life which will stimulate employment in the three sectors – not least due to their high labour intensity and predicted low productive growth. It is at the city level that these needs are most intensive, where the greatest specificity of measures are required, where the authorities have a powerful role in the supply of local goods and services, and where they are able to provide a leadership role in co-ordinating relevant local actors.

7.3. Project objectives

There were both similar and different objectives for each of the three sectors. Public services supply is driven by a desire to improve the quality of the life of the city's citizens, whether through the provision of cultural activities, an improved environment or greater social cohesion. On the one hand, activities in the cultural and environmental field undertaken by city authorities are largely driven by economic objectives. On the other hand, activities relating to personal services are more likely to be driven by social objectives. However, most city authorities see their image

served by improvements in all three areas and a critical element in economic policy, especially in the context of attracting investment and retaining high earning/high spending populations.

There is also a view that cultural and environmental activities are instruments of social cohesion and some cities have begun to integrate activities in these sectors into their social policies - notably Stockholm in all three areas, Messina in the cultural field, Amiens in personal services, and Dublin in environmental activities. However, this bias towards social rather than economic objectives is acknowledged by the partners as potentially inherently weak - while the activities may improve the store of human capital, the jobs created may lack the characteristics that will enable them to be sustainable in an open competitive market.

7.4. Distribution and characteristics of projects

Of the 145 projects examined, 43 were cultural, 52 in the environment and 50 in personal services. The projects were analysed according to the target employees rather than to the beneficiaries of the services. 21% targeted young unemployed. One third were targeted at young people and long term unemployed and 30% had no specific focus.

Funding for 70% of the projects was sourced at least partially from the city. 30% had EU funding and 20% and 15% had national and regional funding respectively. Only 15% included private funding and 17% were self financing. This was proportionately similar across all three sectors.

64% were initiated by the local authority of which 50% were managed by them. The not for profit sector was present in 40% of projects, private firms present in 35 projects, other public organisations in 41 projects and 5 had universities participating.

I. Cultural sector

In the cultural sector, projects related in particular to events or forums with a number focused on on-going performances and exhibitions. The primary goal of most was training and employment creation and involved training schemes, the establishment of academies and workshops, and the creation of inter-city and transnational networks. Culture and the arts are seen as new employment opportunities, a way to integrate more disadvantaged members of the community and as a support for local economic and enterprise development. The universality of the approaches adopted in the cultural arena is also considered a strength for its applicability across into other sectors. The continuing dependence on public funding and inability to proceed to self funding of the majority of projects is noted, although the partners claim that the results demonstrate new public private partnership and new funding models which suggest that a moderate change is occurring.

The report supports other studies which have indicated the need to include and be aware of the often larger numbers of indirect and generated jobs from direct cultural activity.

II. Environmental sector

Of the 52 environmental projects, 20 are funded solely by the public sector and 3 funded solely by the private sector. The remainder comprise a mix of public, private and not for profit

sector actors. 20 are concerned with training, 11 with revitalising degraded areas, and 17 with environmental up-grading.

The findings of the partners are that the majority remain unsustainable without public funding even though a number have turnover over 1 million EURO. Little actual measurement of employment creation by projects takes place and therefore funding and employment creation cannot be correlated.

III. Personal services

In personal services, success is measured by the number of jobs created and the increase in employability of the target population. Although project scope and status differ significantly between northern and southern Europe, the employment beneficiaries are remarkably similar everywhere. Long term and young unemployed in most cases, with women and disabled in some specific cases. Almost all are low skilled and need skills and qualifications access.

Projects tend to be publicly funded, short term and unsustainable without public support. This can make them costly and careless of human capital. Where the private sector is involved, the partners find that the projects tend to have more potential for multiplier effect. However, it is recognised that few are business oriented and there is a need for improved quality of proposals, that are more strategically targeted, with greater consideration for sustainability and the long term, and improved evaluation.

7.5. Financial analysis - some tentative and speculative results

Sources of finance are widely different even in the same countries. This suggests some room for manoeuvre in raising funds autonomously. Taxation is the most important source of revenue for most cities and there is an inverse relationship between local taxes and transfers as sources of finance. Revenue can also be financed by own activities, borrowing and capital and credit. There is no clear pattern emerging between city size and/or range of competence and sources of finance. This raises the question - is there a relationship between the efficiency of local policies and the financing system?

The role of the city in the local economy is indicated by its expenditure - the higher the expenditure per capita, the larger its role in the local economy. In other words, the bigger the budget, the bigger the degree of freedom at local level. Expenditure differs hugely between cities from nearly 6000 Euros per head in some cities to 500 in others. Most cities, however, have expenditure levels of between 1000-2000 Euros per head of population. It is not yet clear why there are such differences in spending as it does not appear to be correlated either with competence or size. The total amount of expenditure on the three sectors differs significantly between cities. In large cities, in general, expenditure on all three sectors together amounts to between 30-50% of total expenditure, with culture being the most important priority in most cities. In Swedish cities however, personal services are most likely to be the most important and in Dublin and Bil-

bao, it is the territory and environment category that receives the largest share.

Large differences emerged in the composition of expenditure. In cities where the overall level of expenditure is low, the category "general administration" takes a high proportion of expenditure. Some cities have high expenditure in the "social" category apparently because of specific social difficulties (Berlin) or policy (Helsinki). A high proportion of expenditure on 'territory and environment' in Dublin and Bilbao may reflect the strong bias towards economic objectives of these cities. All cities were low on the category 'economic and productive purposes.' This may reflect the tendency for little direct activity for objectives deemed achievable within other categories.

All of these findings throw up some challenging questions. What are the economic and social effects of these big differences? Are the latter related to differences in national and regional institutional arrangements? Do they reflect different roles of the public and private sectors or perhaps different composition of production and consumption systems? Undoubtedly it is a fact that bigger cities spend more than smaller (and poorer) cities. But is local expenditure a factor in increasing economic disparities in EU cities? These are questions which require further work.

As far as the impact of local expenditure on employment is concerned, this is inevitably highest in cities which have high local expenditure. One must not, however, discount the influence of the methodology/indicators of measurement here. Most cities appear to have some impact on about 10% of employment. It is never less than 5%

and in Berlin, Gothenburg and Helsinki is as high as 40% of total employment. As might be expected, the highest employment expenditure tends to be found in those areas where local expenditure is highest.

7.6. Recommendations

The following best practice characteristics comprise the key recommendations from the project:

1. Development activities in all three sectors clearly impact on employment and the impact on new sustainable jobs needs to be measured.
2. There should be simultaneous stimulation of services supply and employment opportunities.
3. Projects must target real needs and not compete with existing supply.
4. Supply must be of high quality and sustained in competitive market conditions.
5. Where projects focus on employability, entrepreneurship and unemployment prevention, training should be a priority.
6. Diverse sources of funding are needed.
7. Partnership rather than reliance on the public or private sector alone is preferred.
8. The focus should be on the creation of sustainable jobs within the private sector.
9. Inter-city exchanges and co-operative activities benefit from formal exchange mechanisms.

PROJECT NAME: ESTEP

THE DEFINITION OF LOCAL TRAINING AND EMPLOYMENT STRATEGIES INVOLVING TECHNOLOGY PARKS

THE LOCAL EMPLOYMENT AND INNOVATION STRATEGY - LEIS

1. PROJECT OBJECTIVES

The project had five main objectives:

- To determine the methodologies and systems required to promote training and employment in municipalities that have a technology park within their area.
- To design local economic strategies for the promotion of business infrastructure and human capital development to meet the needs of high value added businesses in technology parks.

- To analyse different approaches and situations regarding the relationship between innovation, local competitiveness, the technology parks and promotion of local employment.
- To communicate this strategy so as to enhance the involvement of local businesses, local authorities and the technology park in a local area.
- To define a local employment strategy linking local development of innovation with employment creation (Local Employment and Innovation Strategy, LEIS)

2. COUNTRIES INVOLVED/PARTNERS

An international network led by the Local Development Agency "El Raso", Boecillo, Spain with the active participation of the Technology Park of Castilla y Leon. The other partners were:

France	ADANE, Nevers. Local Development Agency
Finland	Oulu Technopolis, Oulu. Technology Park
Portugal	Madeira Technopole. Technology Park
Italy	Csata Novus Tecnopolis, Bari. Technology Park
Greece	Thessaloniki Technology Park.

3. BACKGROUND

There is global recognition that technology parks have an impact on their local area in terms of the businesses they host and the new human resources requirements they generate within the park and as a result of their innovation activities. Park developments are a part of local technological planning and strategically belong within a coherent framework of local economic and social policies. Parks are no longer seen as a spontaneous phenomenon but as having a central role in promoting innovation, technological development,

modernisation of industry, and the creation of new employment.

This project examines the role of technology parks and the process of innovation and the impact of both on employment. It looks at how this might be used to leverage wider employment creation in the local area. Park developments are placed within the context of an active employment policy specifically related to the creation of high value added, innovative companies and the re-engineering of existing production processes.

The aim of the technology park is to serve as a centre for the spread and co-

ordination of research and industrial activities and of training and learning processes, giving rise to steady, progressive and cumulative processes of technological innovation. Technology parks are driven by and strive for innovation. Innovation has a direct impact on employment and ideally employment and innovation should be mutually enhancing.

However, the impact of innovation on employment is not always immediately positive. Early impact of innovation may lead to a negative impact on employment as technology supersedes uncompetitive practices. However, innovation also leads to training, mobility, flexibility and specialisation and acts as an important new source of added value and growth. Innovation, through technology development and adoption, leads to new professional profiles. Where this occurs in an environment with a capacity to anticipate change, innovation and employment are further benefited. Thus, human resources adaptation to technological change must be an on-going process.

At local level, technology parks are a locus for the convergence of innovation, technology, territory, enterprises and local agents. However the specificity of the context (sectors, local environment, relationship and integration of the park within local area economic and social life, adaptive capacity etc.) means that no single park model can be put forward and the spatial impact will differ from local area to local area. The project's approach was to use each partner example as a reference rather than a model to be copied and transplanted.

4. FEATURES OF THE PROJECT

The partnership comprises representatives of both local development agencies and technology parks. Using their own experiences as well as studies and data on other technology parks around the world, they analysed and described the key features of technology parks in terms of the process of innovation and their contribution to employment.

It examined the convergence between innovation and employment policies and developed a model of Local Development and Employment Strategies which they recommend for the future. Its basic elements are detailed and a description prepared which clearly distinguishes between the two systems - innovation and employment - their common areas, their respective processes and where convergence takes place.

5. KEY FINDINGS

5.1. The potential of technology parks

Until recently, technology parks did not directly address the issue of employment and references to the local context were virtually nil. Two trends are at work to change this. Firstly, there is increasing recognition that there are different ways to deal with unemployment and a need for a more multi-sector, multi-actor, multi-disciplinary approach. Second, decentralisation, increasingly active local policies, and interaction between partners and agents at local level have stimulated interest in the potential of the parks and their integration into local strategies. It has generated debate around:

1. The impact of innovation policies on employment policies.
2. The impact on employment policies of industrial policies designed to stimulate new companies.
3. The impact of local policies on employment policies.

Within this context, especially points 2 and 3 above, parks have significant unexploited potential through the generation of new businesses, bringing innovation to existing businesses, helping to attract mobile business, and helping to attract services and support firms for new and relocated business.

The special role of technology parks in

- creating and developing a network of interaction between businesses and academic institutions,
- promoting and attracting new companies to the regional context,
- stimulating the incorporation of new technologies into production sectors,
- promoting an enterprise spirit,

Capitalise on R&D developments – incorporating new technology into processes
Define skills required by labour and design curricular profiles
Create an entrepreneurial innovative climate
Invest and provide technological infrastructure
Support financing - start up capital
Foster joint ventures
Provide specialist services through Business Innovation Centres (BICs)

Technology parks can bring their specific contribution of innovation to guidance in creating new companies, maintaining and stimulating a process of interactive communication between science, technology and market systems as well as developing the training required to respond effectively to the opportunities presented through innovation. The innovation process co-ordinates all actors and activities involved in intervention, research, development, and marketing processes.

- transfer of new technology between new and existing businesses.

- suggest that parks can and should become a significant instrument in local employment policies.

The ‘innovative’ components of parks strategies offer additional tools for more traditional local enterprise development. At the same time, technology parks as innovative environments, serve as special instruments capable of bringing innovation into the market by providing a set of infrastructures needed to foster processes and entrepreneurial innovation and to nurture new employment initiatives. These include new intangible supports such as information, the search for collaborators, and access to new sorts of financing.

By linking innovation and employment policies technology parks can help:

The specific characteristics of innovation processes mean that employment support measures adopted to promote companies with a certain technological level take on special forms that are quite distinct from those of traditional measures.

These differences are e.g. related to:

1. Human resources, where there is generally a higher investment in training within a climate of risk and innovation.

2. Innovative environments which promote an innovative enterprising atmosphere and culture - conditions easier to achieve in a small physical space than within the sphere of traditional employment policies.
3. An increased need for specialised information and interaction between the innovative environment, the economic and social agents and the businesses themselves.

5.2. The relationship between innovation and employment

The project reports on the ESTEP partners' experiences of the relationship between innovation and employment.

- **Castillo y Leon Technology Park** is linked to three municipalities of the provincial capital, Valladolid. In 1996, the three municipalities set up the El Raso Association (local development agency) with the objective of improving the human resources in the locality in order to meet the needs of businesses in the park. The siting of the technology park has significantly increased the population since it began operations with a growth from 2.600 to 4.400 and a change in the local population structure with 51.3% of residents now from outside the area. Levels of income have improved (although differences between local urban and rural populations are problematic) and unemployment is low. Their primary objective is to diversify regional industry and create a new entrepreneurial spirit.
- **Oulu Technopolis** has, within a decade, become a hub for the telecommunications and electronics sector. It has seen an influx of

large, international technology companies led by Nokia into the park. Established as the first technology park in the Nordic countries over 15 years ago, it is adjacent to the University of Oulu and the Oulu laboratories of the Technical Research Centre of Finland. The majority of the park companies are in the telecommunications, electronics or software sector. 2.500 work at the Technopolis and the park's management also operates the Oulu Centre of Expertise programme which aims to promote new business activity in the region. It supports interaction among research and training activities and companies and is focused on electronics, information, medical technologies and biotechnology. A critical element of their strategy is that innovation and employment must both have an anticipatory character and training must be parallel to the innovation process.

- **Csata Tecnopolis Novus Ortus, Bari** is within the Puglia region, where there is an urgent requirement to introduce new technologies and generate a new innovative culture to improve production processes and skills. The technology park, established in 1989, has recently been brought together in a local territorial partnership with the City of Bari, the regional employment agency and other territorial agents to cover all aspects of employment, innovation policies and training and support for SMEs. The technology park is primarily concerned with transforming R&D results locally into innovative products and services. It has two main goals, to organise the provision of services and supply in-

cluding training for innovation, and to directly market certain innovation services particularly in high tech areas. Through the services of Creazione d'Impresa, it has supported the establishment of 50 new companies in sectors such as automation and production management, multimedia and video-graphics, information management, telematics and information services.

- Nevers is situated between the cities of Paris and Lyon. The **Nevers Magny Cours Technology Park** works mainly with networks specialising in technology, business support etc. A technological resources centre and a strategic resources centre were established in 1998 to promote technology transfer between companies and technology centres as well as in production processes.
- With a strong tourism base, the Madeira island authorities have nonetheless recognised the need for diversification of the economy. The **Madeira Technology Park** was created to promote an environment for R&D and provides information in marketing, management and technical support. It also facilitates access to financial resources and international networks. It supports sectoral training for example, in telecommunications, and, working with the university, contributes to regional development policy through a focus on human resources development.
- The **Thessalonika Technology Park** is situated in the region of central Macedonia. Although regional economic performance has

been good, investment in R&D and new technologies has been low.

The aim of the park is to support the restructuring of the local production systems towards new industrial and high tech fields. This is part of the regional technology plan where the prime objective is to increase technological know-how and promote entrepreneurial strategies. Importance is attached to training in innovation, export and risk management. Established formally as a technology park in 1994, there has been a focus on technology transfer and training.

5.3. Linking innovation and employment policies

The ESTEP partner's findings are that integration of innovation with employment can be achieved through two basic elements - technology parks and local partnerships. To date, the role for most ESTEP partners has been to assist in the diversification of the industrial base through innovation and the creation of new firms. The **technology park** is seen as a tool of innovation policy based on the promotion of technology transfer between firms and technology centres and into production processes in which licences and patents are developed.

Training services are also important in anticipating new skill needs and developing new skill profiles. Other related activities include seminars and awareness promotion events/initiatives for actors on and off the park in the local area. Within international networks, parks play an important role in internal and external communication not least in their role as BICs and Innovation Relay Centres. Innovation services include the supply of information, guidance, training, brokerage, planning,

project development, evaluation, patenting etc.

5.4. Local partnerships

Local partnerships play an increasingly important role in the parks activities as the latter work with local actors to bring coherence to local development and employment strategies. However, there are quite significant regional differences. For example, partnerships are very strong with close relationships with local authorities in Oulu, Castilla y Leon, and Puglia but much less so in Nevers and Thessalonika. Private partners, especially the businesses in the parks, are critical partners as they are key agents in carrying out innovation. They are vital in the design of innovation as well as its implementation. Their inclusion also means their human resources needs are taken into account and anticipated in the best partnerships, and in terms of training, R&D, and technology transfer, they are at the centre of partnership initiatives. A critical instrument within parks which is also extended to players outside some parks, is networking through seminars and other tools to communicate and study the needs of local firms. In general, chambers of commerce do not appear to play a strong role in park partnerships or a pro-active role in innovation. They can, however, play a useful role as conduits for information in stimulating local entrepreneurs. Universities are vital elements in park partnerships and the innovation process and provide an important contribution in education and training, R&D and technology transfer.

5.5. The Local Employment and Innovation Strategy

Based on the experiences and practices of the ESTEP partners, a theoretical model for a Local Employment and Innovation Strategy (LEIS) is presented.

To start with, local employment and innovation strategies combine policies, systems, spaces and instruments which have hitherto neither spontaneously come together nor been deliberately engineered to do so. The project partners conclude that as employment benefits from innovation, so innovation is expanded with employment creation as a new strategic component. This confers a unity on the strategy, as it is the local environment which determines the orientation of the innovation strategy and thus LEIS connects innovation with the territory from which it emerges.

The LEIS is defined as

'the system within the field of employment and innovation capable of co-ordinating and administering the combination of independently designed and implemented strategies of different spatial and temporal processes and of different territories and areas of activities'.

The objective is to create processes which support local job creation within innovative business environments. The locality should have some or all of the following characteristics:

- Proximity to an innovation environment from which it is possible to transfer technology and technological innovations into businesses
- Institutional level active policies for production support

- Public and private agents directed at enhancing local interaction
- The provision of high quality training

The basic elements of a LEIS:

A distinguishable innovation process and a specific framework for employment creation
A process of applying technology transfer to the production systems
The convergence of different policies on employment and a culture and willingness to seek synergy
New forms and instruments of public intervention in employment creation which are close to commercial reality and where the specificity of solutions is evident and broadly accepted
A local performance framework
Technology parks playing a driving role in employment creation

LEIS' aim to build bridges and convergence strategies between the two processes - innovation and employment. It is necessary, however, in the first instance to understand the elements of each system, how it actually works and how both might be managed

coherently. Many institutions are common to both although it may be that different parts of different institutions deal with the two processes separately.

The innovation system	The employment system
Research institutions – university, technology centre, institutes	Employment and unemployment support organisations
Training organisations – universities and vocational training agencies, public and private	Training organisations - universities and vocational training agencies, public and private
Public sector institutions - national, regional, local and other public and quasi public agencies.	Public sector institutions - national, regional, local and other public and quasi public agencies
Financial institutions	The third sector
Industrial and business support organisations	The voluntary sector
Companies	The unemployed

Although not straightforward or linear, the *innovation process* may be summarised as:

- Conception & R&D
- Production
- Marketing
- Distribution
- Transfer and integration

On the other hand, the *job creation process* could be summarised as:

- Surveying and monitoring job market
- Attraction and reception of unemployed
- Definition of training and/or insertion opportunities
- Supporting and implementation of insertion

The partners recognise that it will be a complex process to interface the two processes at the critical points but sug-

gest that sophisticated management is the key to achieving convergence. This requires leadership; active local participation by all key players in innovation and employment processes - linked as appropriate through the different phases of the processes; and a clear definition of territorial framework in which the institutional environment for convergence will be established.

5.6. Recommendations

The recommendations of the project take the form of the different phases of establishing and implementing a LEIS.

Phase 1 - Determining the terrain:

Local actors define a territorial space of sufficient critical mass and homogeneity to make it feasible to establish an LEIS. Synergies and duplications in institutional activities need to be identified and clear and explicit articulation of the differences in employment and innovation strategies highlighted.

Phase 2 - Local networking : Formal institutional arrangements need to be established as well as less formal networks of agents. The latter should be an evolving process rather than formal structures but should be evidently and early operationalised.

Phase 3 - Set up network and define components of LEIS: This comprises three stages, diagnosis, the development of an action plan, and defining and refining the strategies. Strategies will include:

- anticipatory strategy to accompany training
- anticipatory strategy for creation of companies
- strategy for promoting business services.

Phase 4 - Direct work on the ground:

There needs to be clear input, local awareness and support, local consensus and proactive intervention for both business and the unemployed.

PROJECT NAME: HEADWAYS

1. PROJECT OBJECTIVES

The primary goal of this project was to identify and further good practice in inserting unemployed people and similar disadvantaged groups in the labour force into the environmental sector. Development and employment growth potential was considered to be strong in the sub-sectors of waste management/recycling, ecological services, ecological construction and restoration work, energy and environmental technology and green jobs in a rural environment.

Further specific goals included

- enabling key players to evaluate better the impact and transferability of their project,
- dissemination of successful concepts for training insertion and employment through the partner network,
- awareness raising among policy makers at regional, national and supranational levels.

2. COUNTRIES INVOLVED /PARTNERS

The project was undertaken by the co-operation partners and members of EVA (Environmentally sustainable projects - Vocational training - Action in the community). EVA is a network of 30 agencies for employment and training in 10 EU Member Countries. The project was co-ordinated by e3, Verein für Europäische Qualifizierung e.V. which also undertook part of the research.

3. BACKGROUND

The partners consider that no general agreement as to the definition of the

environmental sector has been reached yet, and consequently, no statistical records are available. What is clear from the available data is that it is a growing sector, both in terms of value and numbers employed, and there are emerging new job opportunities for unemployed target groups.

The partners contend that environmental policies exert 'considerable influence' on developments in the market through mechanisms such as public expenditure and the enforcement of environmental standards. Environmental problems or new legislation bring pressure on regional infrastructures and act as a critical driver for the further expansion and development of eco-industries. In addition, the continuing evolution of environmental policy, supported by the use of Community Structural Funds pushes the development of this industry.

EU Member States are divided into two categories; pioneering countries with well established mechanisms for environmental protection (largely northern European) and countries whose policies are still in the development stage. Countries in the latter group are likely to follow the employment growth of more advanced countries in sectors such as waste management and water supply and distribution, stimulated by policy and legislation. These are opportunities for the unemployed to find new jobs in new industries. On the other hand, these are already well developed in countries with advanced strategies and policies for environmental protection, and employment initiatives will, in future, extend to new opportunities for jobs in sectors hitherto ignored by environmental guidelines, such as the use

of renewable energies in plumbing, gas fittings and heating systems.

Most employment schemes in the environmental field are currently undertaken by or involve a heterogeneous group of non-profit organisations that might be described as the Third Sector. Some are paid jobs, a number are unpaid community activities.

Existing employment projects are classified as:

1. Employment and training projects run directly or indirectly by government and driven by labour market objectives and usually part of or regulated according to schemes that are not necessarily specific in industry focus.
2. Projects run by self-help groups, mainly unregulated and driven by values such as solidarity, social work and self-government where ecological aims are linked to the struggle against social discrimination.
3. Employment and training schemes as part of ecologically sound projects for regional development linking environmental issues to complex strategies for economic growth often incorporating in their networks representatives of both the above two groups.

4. FEATURES OF THE PROJECT

The project's starting hypotheses were:

- Ecologically minded employment schemes can open new markets for sustainable industrial activities. They may pre-date industrial and structural policies.
- With adequate educational standards and funding mechanisms, wide-ranging opportunities in the environmental sector can be found for people at a disadvantage in the mainstream labour market. The environmentally friendly

and future oriented character of these new technologies constitutes an additional motivation to join a training course and seek a new job.

- A funding policy with well defined targets is fundamental for the success of ecologically sound and innovative employment schemes. One pre-requisite is the adjustment of the political framework to take account of a more rational use of energy and natural resources.

26 projects put forward by the partners were examined for indicators of good practice taking account of the following:

1. Combining environmental and employment aims at the top of an agenda for sustainable development.
2. Set in the context of a regional or local economic system.
3. Successful promotion of the participants throughout the project.

Based on project reports, including information on the framework, results, factors for success and future prospects, 12 were found to be of an exemplary nature.

The focus of the subsequent analysis was to find the most labour intensive fields of employment; to identify the relevance of the specific experiences for mainstreaming; to draw out the key factors for success; to forecast required changes in political frameworks so as to optimise impact of the projects examined; and to create conditions for dissemination of good practice.

In describing the 12 case studies the following structure was applied:

- The context
- A description of the case
- Evaluation according to good practice criteria

- Including potential for transferability
- Factors of success and opportunities for improvement
- The main lessons learned.

5. KEY FINDINGS

5.1. Linking objectives and strategy

The partners emphasise the importance of a clear strategy taking account of the context of the project, and linking the main focus of the project to other social and economic factors and drivers. Examples of good strategic thinking include linking demand or potential/latent demand to supply, and linking skill shortages to training programmes. Ideally, the project should be set clearly within a wider more complex strategy of local and regional development. The partners support the devolution of public agencies to the local regional level and recommend that they be given the opportunity to examine and respond to new work organisation and funding models which are innovative and flexible and which would help to support the development of the environmental sector and employment.

Where the main driver was an environmental rather than employment objective, the projects represented a real ecological response to challenges posed by environmental issues, or pressure brought on them by the introduction of new guidelines, or by new market trends. Emphasis is placed on good links to environmental groups and lobbyists in order to be accepted as a credible contributor to policy and practice development. Thus, good marketing and public relations are con-

sidered extremely important aspects of a successful project.

1. Employment and training

Employment opportunities in the environmental field are considered attractive and a motivating factor for most of the target groups and a real chance to get a real job. Conversely, the partners reckon that the vocational training systems in general have been very slow to embrace environmental issues both in terms of new skill profiles and in terms of integrating environmental issues within mainstream training programmes. This, along with, for example the absence in many cases of formal accreditation of training, provides a de-motivating factor for the individuals involved as well as employers.

The most successful projects are where legislation and regulation leverage demand for training and trained employees - linking the training to real SME needs is critical if the target groups are to find sustainable employment. Success seems to be predicated on the emergence of a development strategy that takes account of stimulating and supporting demand for environmental services and products and supporting and aligning supply within an integrated regional policy.

2. Sustainable employment - open market or third sector?

Sustainability remains a problem. Public subsidies were essential to carry out the majority of projects and 18 out of the original 26 were co-financed by the EU. 17 of them offered products or services on the market and 12 of them were able to fund a fraction of their costs from their own returns.

Accordingly, the partners consider three options for development projects in the environmental area.

1. They may be mainstreamed at a more developed stage into the open market,
2. They may be part of the activities of the third sector,
3. They may remain within the competence of the public authorities.

It is found that employment schemes of different kinds are opening up new fields of activity that have not yet reached a full degree of marketability and may pave the way for a change by providing the framework for a new policy in environmental and education matters. This in itself may stimulate the market once products and services reach the stage where they are developed enough to be marketed. The part-

ners express concern however, that the original job creation effect may be diminished by the approach adopted by private sector companies once they have fully commercialised the activity. Consequently, the partners propose that ecologically minded employment schemes use their technological advantage to secure employment for their target groups either by finding new jobs for skilled participants in the existing private sector, or by developing their own niche market within the framework of a partially subsidised third sector.

All projects were focused on re-skilling or training unemployed persons in a variety of environmental activities. The table summarises the employment outcome of some of the programmes.

Country	Activity	Employment
France	Waste re-cycling Agency	23
UK	Re-construction of former coal mining district	3 Full Time and 50 Part time
Denmark	Training of environmental technicians for firms	17
Portugal	Heritage restoration through training in traditional craft skills	15 per training programme - all employed
Germany	Solar Energy project	25 - in employment or self employment

3. Job creating conditions – and barriers

The examples of good practice demonstrate the value of placing projects aimed at solutions for unemployment firmly in the context of social and economic development and within the web of formal and informal systems and networks operating within local development. Good practice projects have

learned to raise public awareness and support for the project's goals.

Other elements of good practice are:

- Understanding the real needs of local enterprises
- Good interdependent links across all players in a region/local area
- Quality training design and sustained support (including transition training to work strategies)

- Accreditation relevant to the labour market
- Care in selection of participants and recipient employing enterprises
- Broader training including job seeking skills and where appropriate, business skills

The project partners concluded that particular job creation opportunities for their target groups were found in anticipating new environmental legislation and adjusting to resulting market demand either in sectors neglected by local industries or by tapping new employment niches within local markets.

In contrast, the main obstacles to employment development are considered to be the following:

- Weak demand for services/products.
- Inflexibility and inappropriateness of existing financial instruments.
- The short term nature and lack of sustained vocational training funding and programmes.
- Bureaucracy and complexity of employment instruments.
- Fragmentation in roles of public agencies.
- Poor co-ordination with and among public agencies.
- Insufficient co-operation with employers.
- Slow speed of integration of EU environmental policies.

5.2. Recommendations

The overall recommendations from the project include:

1. The pace of implementation of EU environmental laws needs to be speeded up and the general awareness building and support for a

change in policies, attitudes and behaviour to be given fresh impetus.

2. The public sector needs to lead the way.
3. Funding policies aimed at promoting employment and development activities need better co-ordination and specificity to the regional context.
4. Regional networks for employment and sustainable development must be stimulated by adequate guidelines and funding schemes.
5. Key players at local, regional, national, and supranational level need to co-operate much more closely.
6. Training institutions need to be more closely linked with local project players including public agencies so that their provision can be fully tailored to the project's requirements.
7. A strategy to support increased dissemination of the activities in this field should be developed and results recorded and taken into account by mainstream labour market policies.

PROJECT NAME: IMED – DEVELOPMENT AND EMPLOYMENT

1. PROJECT OBJECTIVES

This research action aimed at analysing and exchanging know-how and good practice in local development and employment between three regions in France, Italy and Spain. Specifically, it sets out to identify, disseminate and transfer good practice within the themes:

- **enterprise employment policies;**
- **active policies of management of the labour market;**
- **employment creation initiatives at the local level,**

The project was built on the hypothesis that regional differences in economic development and social structure (including administrative culture and negotiation systems) mean that good practices correspond to the specificity of the context. Nevertheless, the lessons from each region's case studies can also enrich and improve good practice in each of the other regions. Furthermore, transfer is not only from the most developed to the least; less well developed regions often activate innovative intervention schemes, sometimes becoming laboratories of new policies for wider local development and employment. The participants thus used the range of very different experiences in the case studies to create composite best practice models.

2. COUNTRIES INVOLVED /PARTNERS

France (Rhône-Alpes), Spain (Extremadura), Italy (Sardinia)

3. BACKGROUND

Although unemployment is a common problem it can have different causes and characteristics at local level. The three regions represent three stages of economic development:

Rhône-Alpes : a mature diversified industrial economy, advanced service industry and agriculture. The latter, though important has a much reduced employment role. - Good practice cases which aimed to increase the number employed by reducing and re-organising work time and in meeting new social needs of workers were examined.

Sardinia: in an intermediate position where the process of industrialisation has reached a certain level and where tourism offers the most encouraging perspectives of growth. - Local projects provided cases of good practice for examination in relation to the third theme - activate the process of local development by increasing employment opportunities.

Extremadura: agriculture is the most important sector, with a weak industrial sector typical of an economy in an early stage of development. Here, examined cases related to investing in human resources and guaranteeing professional insertion as a condition to activate processes and projects of development and employment.

All regions have suffered an acceleration of unemployment in the 1990s but the structure of unemployment and the unemployed is different and has different causes in each region. In Rhône-Alpes, the unemployed tended to be over 50 years of age and/or long term unemployed. By contrast, in Extremadura, they were more likely to be

younger and have a high proportion of women. In Sardinia, similar to Extremadura, unemployment is more likely to be of younger persons (<30) and women. Furthermore, the majority of unemployed have never worked, suggesting a particularly marked absence of employment opportunities.

A wide range of policies and instruments are utilised to resolve these regional challenges. However, one common feature is that interventions and measures adopted up until now have focused on alleviating unemployment but have had little serious impact on the problem of employment. Most have been developed at national level and are increasingly influenced at a European level.

4. FEATURES OF THE PROJECT

The project began by defining good practice as: *having behaviours, intervention methodologies and management systems which take advantage of macroeconomic knowledge in order to optimise policies, resources and instruments at the structural and micro-economic level.*

Cases of good practice were identified according to criteria such as:

1. Launching of new lines of action while at the same time activating the necessary consensus to translate the actions into a common project.
2. Involving a plurality of actors from organisations and individuals (public and private, economic and social, sectoral and individual enterprises) into a common project.
3. Identification of potential resources and unexpressed needs capable of being translated into opportunities for economic development and employment growth.

4. Formation of a culture or cultural climate favourable to new types of intervention.
5. Envisioning employment creation which is expressed at a high level of consensus by collective interest (institutions, local population, workers' groups, enterprises).

5. KEY FINDINGS

5.1. Characteristics of good practice

The local dimension

The local nature of the good practice cases applies not just to the point of execution of policies and decisions taken at a superior level, but has a dimension which interprets policies and exploits instruments in a particular manner, and in doing so sometimes adds considerable value added to the policies and national and regional (and thus community) systems and plans of action. Good practice must reflect local conditions - social and working conditions, fields of employment, sectors, size and typology of enterprises, level and quality of investment, all of which may differ. Good practice also recognises that regions are diverse in terms of labour market dynamics and economic development legacy and potential.

One effect of policies focused on local development is that they modify the role and influence of public agencies/administrations. It is essential to focus on new activities in new sectors and employment fields, which may require a change and improvement in the capacity of local agencies. It is also important to note the influence of national/ central policies which may degrade or support local development -

too centralised and they may not be able to take account of local market conditions with the result of poor policies in general and little support for local development.

Good practice adopts a mix of instruments and initiatives suitable to local conditions, it addresses development and employment together and delivers on new enterprises, better conditions for enterprise development, new enterprise types, different working arrangements and new and different types of work.

Players

Local actors must be the initiators and responsible for the identification of projects. According to the case studies, two broad groups, local administrations and trades unions emerge as vital to the process. Although traditionally both have been considered to have played a weak role in employment creation, the case studies evidence a change and the emergence of a significant resource on which to build for the future.

The involvement of the social partners is critical. In particular, in respect of the trades unions, a significant change appears to have developed in the attitude of the unions towards safeguarding existing employment and at the same time, contributing towards the creation of new employment and its distribution between genders and generations.

Supporting employment and the conditions for employment

There is a need to simplify public aids and instruments, improve the selection of destinations for them and prioritise measures which aim at employment rather than compensating unemploy-

ment. In the context of strengthening employment, there is a need to re-order the relations between local and central authorities and to differentiate between actions which give access to employment through enterprises (insertion, training etc.) and actions which aim to create and maintain employment by enterprises.

New types of instruments directly stimulating employment emerged:

- creating new forms of employment e.g. proximity services and green jobs
- the apprenticeship and retraining of groups at risk in sectors of industrial change
- indirect support of enterprise projects or creating environmental conditions for enterprise development.

5.2. Local and European dimensions aligned

The project partners propose that good practice has a number of important dimensions in the context of local conditions and needs and a European employment strategy. Within the three regions, theory and practice are most closely aligned in the most advanced region - Rhone-Alpes. Alignment is most evident in the context of developments which mirror new employment fields of the European community, such as territorial pacts, experimental actions and criteria for national actions plans. Thus, good practice is increasingly seen to be European practice.

The quality and competence/responsibility of the regional and national agencies/institutions involved is evident from the case studies as an important influence on the success of any regional development strategy.

5.3. The case studies

Case 1: La Escuelas Talleres y Casas de Oficios – Extremadura (Alconchel)

This was part of a national programme for ‘schools’ and ‘craft workshops’ aimed at young, low educated and unskilled early school leavers. The unemployment rate of this particular target group was very high (50%) and their employability was severely restricted with low educational achievement and absence of skills. In addition, the context was a small town with no industrial infrastructure, a mainly agricultural base and with small family enterprises.

Large numbers of schools and craft workshops (Escuelas Talleres y Casas de Oficios) were established throughout the region and the one in the town of Alconchel was examined for this case study. The establishment of the school and craft workshop were stimulated by a national programme but demanded and supported by local players and in particular, the local council and trade unions. The aim was to identify heritage and cultural sites and to respond to the shortage of traditional skills such as carpenters, stonemasons etc. which were difficult to find locally. By using the restoration of heritage sites for the development of craft skills among the young people, the initiative had the multiple objectives and achievement of training and professionalising them and restoring local cultural sites. This fitted within the *national* objectives of the Escuelas initiative:

- social integration and professional placement of the target group
- training of people really needed in labour markets
- second chance study/catch up opportunity

- promotion and dissemination of restoration and conservation of cultural heritage
- improved labour market information, job search skills, entrepreneurship and management capacity of target group
- stimulate/influence mechanisms that integrate programmes into local development and optimisation of local resources

The beneficiaries were given initial vocational training in the school, funded and supported under a national training initiative, followed by training and professional experience both in the school and at the workshop. The results were 70% employment 6 months after completion, a marked improvement in education and professional skills of young people, and excellent restoration of local sites.

The partners identified as strengths the integration of the Escuelas into a genuinely locally stimulated initiative, and the involvement of many important local players. Weaknesses were listed as the resistance and or indifference of local employers, the completion of development heritage work at the end of the project period, and therefore insecurity of employment, and questions about real employability of youngsters.

In any further exploitation or dissemination, the need to work on follow up and sustainability should be emphasised. This means re-inforcing the linkages between those designing training and arranging placements and those working on integrated local development. The Escuelas approach is cited in other action research projects as an important example of a well designed

employment and social integration programme.

Case 2: La Sociedades Anonimas Laborales (SALES) Zafra SAL

This case concerns a type of Spanish enterprise (SAL) which involves significant worker share-holding while at the same time involving private capital and share-holding. They are a new type of social enterprise differing from co-operatives with a more market bias and comprise 7% of all enterprises now in the Extremadura region.

The case at Zafra was an existing enterprise in the metallurgy industry which was in heavy debt and with 80 jobs at stake. Taken over by the workers, who spent three years looking for investment, it was eventually decided to change the enterprise to become a SAL - largely to attract investment and as a result of some critical cultural changes on the part of the staff and unions.

With support from a regional public finance agency, the workers gained both funds and guarantees, and assistance (from both unions and local administrations) in promoting and identifying investors. The share capital was increased and re-structured with the workers having the majority share-holding. SME grants and supports were obtained for credit facilities, job creation grants, and other financial supports, and specifically under provisions for SALs, job grants for placements of unemployed, as well as training aids and technical assistance grants were raised.

The main agents involved were the regional public finance agency SOFIEX and trades unions. The results have been the continuation of the 80 jobs, an

additional 23 direct jobs and an estimated 40 indirect jobs.

The SAL instrument in mixing worker share-holding with private share-holding allowed the necessary capital to be raised. More importantly, the extra benefits of the approach have been heightened worker motivation, increased enterprise spirit, improved competitiveness, greater work flexibility and a new management culture. By involving private investors, this innovative enterprise offers a new middle path between the private venture and the social enterprise - reducing polarisation between market and social interests and bringing social management of an enterprise into the economic logic of the marketplace.

The partners consider the primary constraints to be that this type of intervention is really only applicable with an existing and by default, 'in crisis' enterprise. Another weakness identified in this case was what were seen to be 'unnecessary' complexities and delays with procedures to obtain public funding instruments, which were thought to have had a negative effect on the search for investment.

Much more work needs to be undertaken to see if these constraints can be overcome, and if so, how? Such enterprises appear inevitably to require public investment in order to leverage capital from the private sector. However, the model offers a good starting point to investigate and reflect on other means of public financing. Finally, the model must include a realistic evaluation of the industry and the enterprise's potential to survive and compete.

Case 3: The reduction and re-organisation of working time (Rhône-Alpes region)

This case describes an attempt to reduce and re-engineer working time so that jobs can be created and improvements made to take account of changing social patterns and economic conditions.

The case was undertaken prior to the implementation of the most recent legislation, i.e. after the 1996 Robien law but before implementation of the 1998 Aubry law. The case therefore was set in a time of transition and some of the more recent legal changes may enforce what was attempted voluntarily.

The initiative brought together legal requirements and financial incentives designed at national level, complementary regional actions providing expertise, mediation, and a facilitation structure in order to operationalise the law, independent technical support for analysis and follow up and a control function. The aim was to demonstrate to employers and enterprise owners that reducing work time, provided it was set within a context of improved strategic development for the enterprise and in the spirit of positive negotiation, could bring about benefits for the enterprise and employees and achieve the national and regional social and political aims.

Key players were ARAVIS (Agence de Rhône-Alpes pour la valorisation de l'innovation sociale et l'amélioration des conditions de travail) which provided promotion, mediation and expertise, and the trades unions, especially CFDT, which were a vital participant in convincing employees that the changes were neither threat-

ening to their jobs nor their remuneration and who helped to ensure proper process was adhered to in enterprise level negotiation.

The results show the creation of some jobs - 1800 in the period studied (10/96-02/98), with a work time reduction for 13,000 employees. However, this accounted for only 250 enterprise accords - amounting to little over 1% of the regional employees.

The report argues that more subtle and less easily measurable changes resulted. These include a change in culture among employees and more generally in the region towards reduced working hours, and towards a better balance between family life and work. It is also possible that the process of negotiated change which was fundamental to the initiative has helped to bring about better employer/employee relations in those enterprises that were involved, has improved the negotiation environment and general support for greater competitiveness in enterprises and has generally added to the commitment to and the process of social contract. However, it might also be argued that these changes would have occurred in these enterprises anyway. The principal weakness was the scale of the initiative which was very small in the context of the region and thus ineffective in bringing about mass change.

Case 4: Proximity services (Rhône-Alpes region)

Within this case, there are two projects relating to the development of proximity services in very different environments but both stimulated by a desire on the part of the enterprise workers councils to demonstrate solidarity with the unemployed.

Case 4a: Rhone Poulenc

The workers' council in Rhone Poulenc surveyed staff to see what interest there would be in proximity services. Nearly a third responded positively and the main interest was for home cleaning and ironing services. This was arranged with a network of associations in the region providing such services - Qualidom, - and within 3 months, 228 so-called Titres¹⁷ were sold. These titres operated similarly to meal vouchers with a cost lower to the purchaser than the face value. Combined with the tax advantage, this provided a significant stimulus to the demand for services. Armed with the Titre, the purchaser was able to contact Qualidom directly and arrange for the services to be provided. The success of the initiative, is attributed to genuine stimulation of demand resulting in real viability of the services and the quality of the service provided, which guaranteed a supply of stable employment and of trained secure professionals.

Case 4b: Evian

In Evian (a rural environment without the benefits of a large working population), the workers' council used a local consultancy to advise on the most likely sustainable proximity service. This emerged as ironing services. The council created one post and went on to join forces with a local tourist hotel and the mayor to establish an association (INSERES) with a full time per-

¹⁷ Titre Emploi Service is a way for an enterprise either directly or through its council to provide employees with the benefits of proximity services at both a reduced rate and qualifying for tax advantages. The Cheque-Service, on the other hand, - between an individual employer/customer and an employee or between the employee of a company providing proximity services and an employer/customer - is generally used for child care, home helps, help with sick and aged etc. It carries tax advantages for the employer.

son responsible for developing demand and one and a half full time ironing staff. Purchase of these services is provided through Cheque-Service¹⁸. The plan is to develop into an autonomous organisation network with other organisations and regions and assist those looking for employment.

The results of these cases reflect the context and scale of the cases. At Evian, it resulted in two new jobs; in Lyon, Qualidom estimated it supported the development of 100 new jobs.

The cases were driven by different factors and had different objectives. The Lyon case was influenced more by the potential to establish viable proximity services and was able to sustain and take account of the existence of Qualidom as an interface/distributor; the Evian case was concerned more to create an opportunity for unemployed to find work. The partners recognise the tension between these two drivers and the need to focus on demand to make the service viable and to focus on quality and structured supply. The emphasis and particular balance is different depending on the context and the use of local expert consultants/advisers is useful to avoid either creating a second tier economy or competing with existing employed.

Case 5: Sardinia

The Sardinian case studies both utilised a range of regional, national and European community instruments. The most important of these were the Territorial pact (il Patto territoriale), the area contract (il Contratto d'area), integrated area plans (Programmi integrati d'area - PIA) and Negotiated programme planning. The arrange-

¹⁸ See footnote 16

ments for negotiated programme planning bring together national, regional and provincial institutions to agree the primary objectives and sectors for attention, while the other instruments bring local public, private and community actors together for local accords, with specific approaches and instruments in the territorial pacts and area contracts.

5a The re-conversion of the mining area (Guspini)

The area around Guspini was formally a mining area. It suffered from seriously high unemployment (73%) among young people with concomitant social problems and low female employment at a time of rising education.

The primary player was the mayor's office which since the 1970s had been working towards an number of key objectives:

- Rejuvenation of the political class
- Improving the skills of the local administration
- Gathering information on policies and instruments at regional, national and European levels
- Improving the capacity of the local systems to support start ups of new enterprises through better expertise and analysis

Following this, a number of initiatives had been undertaken¹⁹. Infrastructure investment took place around the mines and two new enterprises which employed a significant number of the former miners were established. The mining area was also integrated into an inter-communal plan for a museum of mining. On the environmental front, a

major new re-cycling programme was established and the area entered into a partnership with a natural reserve participating in a LIFE-NATURA Project (EC programme). There was also a focus on the cultural heritage field related to archaeological excavations at Neapolis and arrangements for access and protection and participation in a multi-regional programme to create a services centre for cultural tourism including the mining heritage.

The capacity of the local administration to manage the area through a time of crisis and transition was significant. Preparations had begun prior to the mines closure and the crisis stimulated significant further activities. New developments such as stimulating cultural heritage (including the mining heritage) were obviously very important as was finding jobs for former miners as well as focusing on young people and women. Weaknesses were delays caused by administrative bureaucracies, different interests of institutions, dispersed instruments and co-ordination of them.

5b "Sa Corona Arrubia

The second case from Sardinia describes the process of economic development of an under-developed region with the following characteristics:

- low and declining rural population,
- higher than average aged population,
- low level educational average,
- low labour participation and employment,
- high unemployment,
- low female participation in labour market,
- mainly agricultural employment,
- rich archaeological heritage

¹⁹ The case study spans the years 1975-97 but particularly focuses on the period since the closure of the mines.

The process began in 1969 with one local community (average community size 2.000) where the mayor and local leadership created a vision to develop the local economy through exploitation of archaeological, artistic and natural resources. Other communities began to participate and by 1998, 20 local communities had joined the original in a range of operational activities to develop the area's economy through the development of cultural tourism.

The local authorities recognised that if they were to achieve their vision, two key issues needed to be addressed:

Education and training:

1. Local administrations needed to build their capacity to identify and manage projects,
2. Public programmes to support second chance education and training were required
3. Longer term improvement of education and training achievement was needed.

Tourism:

1. Local infrastructure to support cultural tourism was required including requirements for parking, accommodation, etc.,
2. Building awareness of the tourism products, with local national and international marketing was a key objective,
3. Development of access to and careful management and opening up of sites of cultural and archaeological interest was begun.

The strengths were the powerful local leadership with commitment and vision over a long period, the recognition of

the potential of existing cultural resources at a time when they were not that visible to others, the capacity to utilise and exploit a wide range of instruments and to bring dispersed communities and local stakeholders together to work to achieve their objectives. They faced the challenge of isolation, an under-developed and un-dynamic economy, and an aged and under educated population.

The jobs created although low at the time of report (7) are anticipated to rise to over 220. However, the strategic vision, collective action and widespread use of a range of complementary and dedicated instruments have significantly transformed the area. Instruments employed included EU level programmes such as Leader II, and integrated area plans formulated under the provisions of national legislation and involving all local players.

5.4. Recommendations

The overall recommendations from the project are:

1. Local development should focus on new activities in new sectors and fields taking account of the specificity of the region/locality.
2. National policies must take the local dimension into account and instruments designed to be flexible for local application.
3. Local and national actors should seek synergy between supporting employment and supporting the conditions for employment.
4. Local action lines should be matched with consensus building exercises.

PROJECT NAME: LOCAL PARTNERSHIPS FOR EMPLOYMENT DEVELOPMENT

1. PROJECT OBJECTIVES

This project set out to:

- Identify good practice in the development of local partnerships and employment pacts.
- Exchange and produce new information on how to set up local partnerships and development and employment pacts.
- Set up and implement pacts in the partner areas and adapt them to local needs and characteristics
- Produce results and lessons for dissemination

COUNTRIES INVOLVED /PARTNERS

Aracadia, Greece	Local Union of Municipalities and Communities
Asti, Italy	Provincia Di Asti
Cordoba, Spain	Local Development Agency
Flevoland, Netherlands	Action For Employment - Flevoland
Genk, Belgium	BLM, Limburg
Jamtland, Sweden	Jamtland County Administration
Jena, Germany	Refit E.V Jena
Marinha Grande, Portugal	Comissao De Coodenacao Da Regiao Centro
Miglio d'Oro, Italy	Comune Di Ercolano
Nottingham, UK	City of Nottingham
St-Etienne, France	ANPE - Rhone-Alpes Loire
Shannon, Ireland	Shannon Development
Storstrom, Denmark	The Public Employment Service
Vaasa, Finland,	Provincial Office Of Western Finland
Weiz-Gleisdorf, Austria	DLG Weiz

2. BACKGROUND

The Local Partnerships for Employment Development was established in 1995 with the intention of sustaining the dynamic of the European Commission LEDA programme. Today, it comprises 200 local development practitioners in 15 areas (regions, provinces, counties, municipalities) and this project involves the participation of some of these (listed above). It utilises some of the already established communication and practice approaches in the partnership, for example, bulletins and the web site (www.leda-partenariat.org).

3. FEATURES OF THE PROJECT

The project held a series of workshops (6) to discuss current issues concerning the set up and management of local partnerships. Two international seminars were also held in 1998 and opened to others outside the partnership. As a result of these, two reviews setting out the status of the overall project and the local partnerships in different areas were published, together with a report of the second transnational workshop.

The chart below synthesises the characteristics and context of each partnership and its focus.

Area	Project characteristics	Focus and, if sufficiently developed, results to date
Miglio d'Oro (I) Population 300,000 Significant cultural heritage Sea related enterprises High unemployment	185 organisations involved in Employment Pact set up in 1996. Four levels in the partnership: programme implementation; political committee; territorial committee; municipality co-ordination office. First aim was ideas generation. As a result, the region established a number of development projects that 'fit' the region's profile. (e.g. specialist tourism using environmental resources of Vesuvius; cameo and coral products.)	Promote local products for world markets while retaining unique local characteristics. Enhance 'local identity'. Attract ESF funding for projects to support integration of excluded. Approval by Italian government of territorial pact and funding of projects. Target of 700 jobs already achieved. Joint project developed with three other LEDA partner regions
Jena (D) Former planned East German economy. Population decline from mid 80's-90's. Traditional of high tech industries such as precision optical engineering industry, local university, specialised skilled workforce. High unemployment among young and women	4 'employment companies' (Beschäftigungsgesellschaften) brought together to co-operate with Regional Advisory Board. The Board is a strategic partnership organisation, tasked with generating new jobs in new employment areas, increasing effectiveness of intermediate labour market organisations, and improving relations with the private sector.	Companies co-operating to combine certain resources, thematic links and networks, joint project development and use of expert resources e.g. LEDA. Analysis of labour market structures and employment development; launch of new labour market initiatives, co-ordination between the partners regarding design of regional employment models.
Nottingham (UK) Wider city population of over 600,000. Rapidly growing local economy combined with areas of high unemployment/excluded.	Utilised Greater Nottingham Partnership (GNP) to bring more focus and optimise activities and resources of large number of small local ad-hoc partnerships. Principally stimulated by need for co-ordination in designing regeneration strategy and gaining supporting funds. GNP set strategy and	Aims to be inclusive, efficient, innovative, maintaining strong inter-project and partnership relationships and co-ordinating sensible synergy. Focus is to improve employment objectives of local projects, demonstrate that nature of the intervention approach derives

	aims to have accessible processes.	from the clarity of purpose, and ensure measurement of impact.
Marinha Grande (P) Distinctive area, 60% of land in forest, well known traditional crystal production, population 32,000 of which 44% active. Decline in glass sector, increase in long term and female unemployment.	Partnership approach already evident in local arrangements to improve skills through training of lathe workers in local SMEs and Polymers Engineering Masters programme. Establishment of Territorial Employment Pact, with partnership of local players, co-ordinated and animated by City's 'Council for Economic Development' with industry, local and national public agencies, SMEs and technology, design and tourism agencies.	Council aims to improve competitiveness of local products through improved quality and added value; to re-structure crystalware sector to be more competitive, to reduce unemployment; improve skills through training; stimulate and improve quality of enterprise creation; attract investment and develop neighbourhood services.
Flevoland (NL) Reclaimed land to north of Amsterdam. Six municipalities: population of 280,200. Growing population/influx, relatively young. Employment growth but unable to pace population. Jobs in public services in south and agriculture/fishing in north. Employment lowest for women, immigrants, low skilled and long term unemployed.	Territorial 'Action for Employment' pact of 1997 built on existing co-operation and partnerships - aiming to broaden and deepen them. Linked into regional/national initiatives <ul style="list-style-type: none"> • Learning at Work • Regional transfer • Special Task Force for small maritime area Success has led partners to agree to establishment of a Foundation.	Initial focus was on actions - concrete projects - putting teams together, identifying funding options, conduit for ideas and know-how exchange. Later focus became more strategic. Strategic focus on quality, branding and distribution. Important attention given to co-ordinating projects so that they avoided competing with one another and created synergy of effort and resources.
Asti Province (I) Rural region in Piedmont, population 210,000, mainly in small villages, percentage are commuters. Northern part has ageing population, decline of productive activities. Southern part is wine growing.	Local partnerships stimulated by provincial government, working with municipalities and professional associations (mainly agricultural). Territorial Pact under Italian legislation in the South, with neighbouring provinces. A number of local action groups (LAGs) set up including Asti -	Territorial Pact focuses on addressing environmental damage from chemical industry and developing green tourism. One LAG in north focuses on halting decline of rural areas through tourism, agriculture and local products support, cultural events, eco museums (heritage

Centre has industry/manufacturing. Unemployment rose to 14% in 1995, worst for older workers, young and women.	Le Colline della qualita, characterised by a large number of public and private multi-sectoral organisations.	protection sites and local development tools). Asti - Le colline della qualita focuses on tourism and improving the quality of wine production.
BLM Limburg (B) Population over 700,000. Multi-cultural community as a result of immigration in early coal mining years. Higher than average young population (35%), also higher than average unemployment levels. Region marked by structural unemployment, long term unemployment and low level education achievement. Industries are transport, warehousing, services and some manufacturing.	Limburg Re-conversion Company took over responsibilities of other organisations in economic development in 1995. Fostered Guidance Centre for Limburg Mining Area (BLM) responsible for training/access to jobs. Out of it grew FORUM (project development in social economy and re-employment of high risk groups), Logis (training centre in logistics), and Route(also training centre). From bottom-up, the regional Platform Middle Limburg represents local mining communities.	Development charter for mining community included re-use of mining heritage, industrial heritage tourism. Aims at development of logistics sector and stimulation of innovation through development of new media industries, linking schools and industry, development of glass fibre cable sector. FORUM supports projects in green tourism, mobility/quality of public transport, home services and redefining purpose of mining heritage.
Storstrom (DK) Southern Denmark, a rural island area within 150 KM of Copenhagen. Population 250,000. The further south the more peripheral, with fewer but larger firms/industries. 10% unemployment highest in low educational attainment and long term unemployment groups.	A tradition of formal and informal partnerships characterises area. The Regional Labour Council, a public body mandated to manage national labour policy initiatives, is itself a partnership body, and is represented on other local partnerships in order to integrate labour market policies with development initiatives.	Focus on improving local education and skill levels and integrating unemployed into active labour market. Aims to understand and improve conditions for successful implementation of job rotation. Emphasis on initiatives such as the job rotation scheme of which Storstrom had 19 in 1995 involving 814 employees and 308 unemployed people.
St-Etienne (F) In the Department of the Loire in the Rhone-Alpes region, city population of 199,000 rises to 313,000 in the wider city	Tradition of worker networks and a multiplicity of public agencies covering employment and development issues. Since 1991, private companies and public and community agencies have come	Focus is on partnership, a co-ordinated approach to the development of industry poles or clusters. For example, in healthcare, following research by the Loire Employment

<p>area. Economy in some decline, suffers negative image with ageing and diminishing population. Industry is main employer - mainly metal processing, textiles, car production, clothing etc.</p> <p>Women and long term unemployed comprise higher than regional average unemployment numbers.</p>	<p>together around 4 'poles' of excellence - medical technologies, water industries, engineering and optics. Instruments include pooling of resources to reach new markets, combined responses to potential clients, development of new SMEs, encouragement and support of R&D, economic monitoring of specialist information etc.</p>	<p>Observatory, the healthcare sector through a range of supports and interventions has now a cluster of 40 companies, employing 1340 people.</p>
<p>Weiz-Gleisdorf (A)</p> <p>One of 17 districts in Styria, Weiz is comprised of 14 municipalities, the two largest of which are Weiz and Gleisdorf with combined population 33,000.</p> <p>Employment is in manufacturing, services and agriculture (the latter declining as employment opportunity). Unemployment is rising but quite low and largely confined to young, long term and women. Higher salaried jobs and educational levels lower than in Graz, 30km away.</p>	<p>Weiz Gleisdorf Regional Development Association comprises representatives from municipalities and was founded in 1996. The municipalities are autonomous bodies coming together to voluntarily co-operate. The RDA aims to cross municipal boundaries and to combine effort to improve access to incentives.</p> <p>Other representatives include social partners, larger entrepreneurs, experts, politicians. Fields of interest are health, quality of life, co-operation, economy, environment.</p>	<p>RDA is a forum which sprang from local interests and aims to improve economic and employment development and quality of life. Main focus is to bring cross municipal projects to implementation stage faster and more efficiently (e.g. environmental protection, green tourism, improvement in transport connections) and to act as promoter, co-ordinator, lobbyist. Main focus is on new activities in the area of clean renewable energy production, and developing them further.</p>
<p>Shannon (IRL)</p> <p>400,000 population in mid west of Ireland, one third in main towns. Agriculture, though declining, is largest employer. In recent years significant growth in services sector and slight growth in manufacturing. Unemployment lower than national average but high among males especially those with</p>	<p>Territorial Pact established in Limerick in 1997. Built on PAUL partnership established in 1989 between community, public and voluntary sectors. Operates under the national Local Urban and Rural Development operational programme funded by EU and government. Includes 23 agencies directly or indirectly involved in enterprise and employment in the city.</p>	<p>Aim is to co-ordinate employment development actions in the city emphasising training for long term unemployed; support for development and start-up of new business; identifying medium technology projects and related inward investment strategies; development of social economy; improvement of access to finance for small business; pilot programmes to enhance</p>

lower educational attainment. Within main city, Limerick, high unemployment in certain low economic groups with severe marginalisation.	One of four Irish pacts funded by the Community Framework Monitoring Committee.	flexibility in use of social welfare benefits to support new business start ups.
<p>Ostrobothnia (F)</p> <p>Area in W. Finland with shoreline of 6,000 km and archipelago of islands. Covers former province of Vaasa comprising 57 municipalities and population of 447,000. Recent population decline. Primary sector employs 16%, industry 27%, and services, especially public 53%. Main unemployment, young, women and lower educated. Highest proportion of enterprises in Finland in food, furniture, carpet electrical equipment and chemical production.</p>	<p>Seinanaapurit in south Ostrobothnia has 7 municipalities and population of 82,000. A high level of entrepreneurship. Partnership was launched as part of national pilot scheme in 1997. Involves large range of local public and private actors – with emphasis on participation at the most local level. Many actors had worked together in past on economic development but not employment projects. Every municipality has a ‘confidence pact for employment development’, a local municipal co-ordinator and local partnership groups. Project began with identifying business sectors with best prospects.</p>	<p>Local partnerships focus on generating ideas and supporting project owners to transform them into projects and actions. Funding is through EU and national programmes. Sectors include food, metal industry, wood, textile and leather processing and services and are managed by thematic sub-groups.</p> <p>In first year, about 25 projects or networking actions generated, and over 200 new jobs created.</p>
<p>Arcadia (EL)</p> <p>Mountainous and underdeveloped area at centre of Peleponnese. Population 105,000, largest city, Tripoli has about 30,000. Population decline, now slowing. Emigration of young to more highly paid jobs in other areas. High youth unemployment. No tertiary education facility in area. Primary sector employs over 50% but in decline in productivity and competitiveness.</p>	<p>Local Employment Pact, established in 1997, covers whole province. Involves 12 regional, local and public/private actors. Aim is to co-ordinate individual actions in the field of employment and to develop a common strategy. Further partnership and co-operation takes place through other initiatives such as those supported by the LEADER programme. Under a programme of joint actions for municipalities throughout the country, a training programme for professionals to assist in enhancing competence of local authorities now taking place.</p>	<p>Focus on exchange of information, inventory of projects/activities, exploration of new projects. Different bodies lead on different sectors e.g. tourism promotion led by Prefecture, Quality Mark programme by economic chamber etc. Tourism considered to offer best potential, especially areas with environmental and heritage assets offering opportunity for differentiated forms of tourism. Agro-tourism projects also focus on supporting farming community through handicraft enterprises and</p>

Recent increase in services employment.		local food production.
<p>Cordoba (E) City population 310,000 Strategically placed in centre of the region with high quality transport infrastructure. UNESCO named 'world heritage site' with rich store of cultural heritage. Employment in manufacturing and services, latter growing in recent years. Primary sector and mining now in decline and responsible for high unemployment in areas/groups formally working in these sectors.</p>	<p>Local development agency (ADL) is public agency established in 1992. 'Owned' by the municipality and operates in close co-operation with over 150 organisations from the private and public sectors. A strategic plan has been developed, incorporates task areas such as economic promotion, job placement and employment promotion, training (especially through the rapidly expanding Escuela Talleres) and careers advice, and management and co-ordination of European programmes.</p>	<p>Sectors targeted as having strong growth prospects are food farming, jewellery making, tourism, building and healthcare. Priorities are the creation of an integrated logistical centre to exploit the city's geographical position, to develop the urban area while conserving the heritage, to improve urban environment and to promote Cordoba as a cultural and economic meeting place.</p>
<p>Jamtland, (S) Northern central Sweden, area of forests, mountains and farms. Population of 135,000, low density and declining and ageing since 1950. Only major urban centre is Ostersund. Employment is in services, mainly public, (in decline in recent years), tourism and industry. Unemployment highest among women and young persons. Overall level of higher education attainment lower than Swedish average. Low demand for highly skilled expertise.</p>	<p>Recent strong encouragement for establishment of new SMEs especially by women. Boom in co-operatives in social services. In 1997, 'Co-operative Centres for new jobs and new businesses' set up in 8 municipalities, linked to bottom-up approach with involvement of public, private and target beneficiaries. Centres include non-profit associations providing integration and training services; profit making co-operative supplying temporary staff to companies; not for profit association at county level for strategic planning and co-ordinating plans and activities of each work centre.</p>	<p>Aim is to utilise the centres as instruments for social integration of unemployed and at risk persons, to build local capacity, to develop new job sources, to support creation of new businesses and to undertake skills development and training.</p>

4. KEY FINDINGS

The action research project partners range from young initiates entering the implementation phase (Arcadia) to mature local partnerships that have over a decade or more of experience behind them (Shannon). All partners note the continuing value of learning through exchange and reflection. Some important areas for exchange and debate in this project have been:

- Maintaining jobs after subsidised support ends
- Bringing jobs out of the informal economy
- Getting long term unemployed into employment programmes
- Providing companies with tailor-made information
- Creating full time jobs by combining activities for different employers

Lessons shared by mature partnerships are:

- the importance of the vertical as well as horizontal axis in local development - support from and integration into national and regional policies enhances the potential of success

Partnerships result in:

A better understanding of the local area
An increased ability of the partners to analyse the potential for local development
The acquisition of new methods of individual and group action
An increase chances of obtaining funding
More cost effective use of resources
An improved position when dealing with regional and national authorities.

4.2. Importance of diagnosis and relevant support measures

In the early stage, partnerships are often based around a project opportunity (available funds, for example, bringing

- the need to address the hidden needs of hidden communities
- the importance of demonstrating success to overcome resistance
- the need for thorough diagnosis of local resources including sectoral/industry cluster capacity and synergies between certain sectors (e.g. food and tourism)
- the value of developing the local area’s capacity to adapt.

4.1. Understanding partnerships

The continuation and evolution of the LEDA partnership has led to a marked improvement in the partners’ own understanding of how partnerships operate and change as they evolve. Successful partnerships have multi-dimensional participants and characteristics. Their interests operate on a number of timelines from short to long term. Partnership activities have a range of purposes operating simultaneously, serving information, planning and implementation functions.

them together) and do not begin with the kind of strategic diagnosis that a

more mature partnership will recognise as a necessary first stage. Action based approaches may stimulate early enthusiasm but risk failure through a lack of real understanding of the factors influ-

encing success. A number of projects have used strategic diagnosis to create a framework within which the open generation of ideas from local communities is encouraged.

As well as proper diagnosis of local resources and needs, partnerships require sound and relevant support measures. This includes both innovative and traditional instruments relating to research and development, stimulating dormant projects and ideas, and increasing the efficiency and effectiveness of public services and authorities. Other instruments noted include assistance in identifying investment aids, new markets, new promotion and distribution channels, market stimulation, management and skills development, and infrastructural improvements.

4.3. Training and human capital investment

A training and human capital investment requirement is present in all local development projects. Human capital investment programmes go beyond the simple link between training and employment and encompass a range of issues such as skill accreditation, assessment and self assessment procedures etc. Human capital investment by the public and private sector is critical and the identification of and response to education and training needs must involve all local players.

4.4. Partnerships at different levels

While many partnerships are driven by public agencies and municipal leaders, other local development projects have evolved from the local communities with multiple partnerships. There is tendency for partnerships as they mature to keep building and adding new

layers to the process. The systems resulting are more like trees than satellites, inclined to hierarchical structures with strategic planning at the top and ideas generation and consultation at the most local levels. An important lesson learned by more mature partnerships is that in centralised states, national level administrations are local stakeholders.

In a slightly different approach, a number of projects stress the importance of having consultation at the most local community level - some argue that the direct involvement of local communities is essential for success. These projects tend to link structures which operate at the most local level to structures for municipal, regional and national technical assistance, administration, planning and decision making. This 'most local level' is often called the community level, whether this is a geographical or shared interest community. 'Community Economic Development' (CED) is a term used to describe this most local level of development and partners at this level will influence the success or failure of the local development strategy. CED projects often involve the third sector although they may also involve public and private actors. A key characteristic of CED is local capacity building as a means to involve local citizens and develop skills for third sector activities. CED should develop skills, information, knowledge and infrastructure that can be sustained in the community.

4.5. Stimulating local partnerships

Partnerships are often first built through the collective recognition of a crisis and the need for a community response, but crisis need not necessarily be the only catalyst. The regions described include some in economic de-

cline or under-developed and with high unemployment, but also regions with good economic status and low unemployment. It is important to understand and explicitly recognise the nature of the catalyst as this will shape the local response and bring in different players. Some partnerships are stimulated through a recognition by private sector firms that they need to improve their quality and competitiveness and the only way to do so is through local partnerships. Along the way, innovative 'boosts' will benefit the partnership and may derive from new ways of partner working, generation of new ideas, development of new skills and learning from experience.

4.6. Integration of unemployed and at risk

Integration of the unemployed and excluded into the economic and social fabric of the community has, as its biggest challenge the need for an improved response from employers. Strategic local development partnerships, it is argued, are a way to involve employers by bringing them into the whole development process. Other barriers to integration may not relate directly to employment but are local issues - childcare facilities and transport being two obvious ones. Integration should be concerned with pathways to employment, giving a range of options to the unemployed and not single prescriptions, and should improve employability and access to work and bring quality of life improvements to those excluded and at risk.

Integration can be improved with the inclusion of partners from agencies not associated with employment but very closely linked with the unemployed,

e.g. housing and social and health welfare agencies and local voluntary agencies working with marginalised and at risk groups. Finally, training is a step on the path to employment. It must be linked to real jobs and offer real employment at the end. This again reinforces the need for employer involvement to ensure the training is relevant to local employers' needs and that commitment to recruit and provide on the job training and sustainable employment is given.

4.7. Local communities, local identity

Great importance is attached in local development to issues of "local identity" and the co-ordination of local branding, distribution and marketing activities. This combines a desire to develop an image of economic value together with a concern to use resources efficiently. Several of the mature partnerships have grown the local area from the city out into the rural surrounds and others have drawn groups of municipalities together.

4.8. Monitoring and evaluation

A number of the projects express concern for continuous improvement in job creation and local development, and to 'learn to do it better'. Transparent measurement indicators will help internal management, accountability, and demonstrate success to a wide range of stakeholders. Evaluation must be based on an understanding of the baseline, and be formative, assisting in the continuous improvement of the project.

BLM Limburg describes how they undertook a qualitative analysis of six social economy projects and identified 12

critical issues for employment project development:

Market concept, market volume, job creation, jobs for the target group, operational viability, profitability, entrepreneurship, management, consensus, legal-organisational footing, duration (time to market), and efficiency.

They group these issues into three areas - performance, competence and effectiveness/efficiency and suggest that identifying these twelve issues at the start of the project and managing their progress through the project is critical to success. More so, projects to have a more business like approach and take economic factors into account. Work experience projects are more focused on the effective use of subsidies, and endogenous projects tend to demand the most of project developers. The success of all project development, they argue, hinges on the ability to ask, and answer clearly, the following questions. What do we want? What can we do? What must we do?

4.9. Recommendations

The overall recommendations from the project are:

1. There should be general recognition at all levels from local to European that no lasting development will occur unless new jobs are created and there will be no lasting jobs without new or renewed economic activity.
2. Territorial partnerships should be seen as a set of principles governing actions and initiatives.
3. Rules of partnerships should support cohesion and achievement of aims.

are classified within the following categories:

- niche market projects (best chance of success)
- endogenous (more difficult to develop but very important locally),
- work experience projects (value can often be in their experimental setting)
- push projects (e.g. environment - can be most high risk).

Each of these groups display different types of competencies - e.g. niche projects tend

4. Both the horizontal and vertical axes of partnerships must be the concern of local actors.

**PROJECT NAME: PILOT STUDY
ON EMPLOYMENT CREATION
THROUGH THE RESTORATION
OF EUROPE’S HERITAGE**

1. PROJECT OBJECTIVES

The project set out to evaluate the potential for employment creation from economic activities generated by the restoration of Europe’s heritage. To utilise newly collected and existing statistical data to extrapolate future potential in employment and economic activity in this field in four countries, Austria, Germany, Italy and Spain, and drawing on previous experience and data from France and the UK.

**2. COUNTRIES INVOLVED
/PARTNERS**

The project was led by UEAPME, The European Association of Craft, and Small and Medium sized Enterprises. The other partners were:

Germany	Zentralverband des Deutschen Handwerks
Austria	Wirtschaftskammer Osterreich
Spain	CEAJE
Italy	Confartigianato - Associazione Artigiani Bergamo
Sweden	EUROCARE (Associated partners)
Austria	WIFO Osterreichisches Institut für Wirtschaftsforschung (Associated partners)
France	CAPEB - Confédération de l’Artisanat et des Petites Entreprises du Batiment

3. BACKGROUND

The 1990s have seen growth in the restoration and repair/maintenance segment of the market at a time of general stagnation in the construction industry in Europe. The project examines the legislative and administrative picture at EU and national level in relation to the heritage market in the four countries involved.

In some countries there is a significant divide between legislative authority and operational/development responsibility. In others, the responsibility may be national, regional or local. Although not exclusively so, in Northern Europe, legislative authority (fiscal arrangements, protection etc.) tends to be centralised, whereas operationalising protection and development tends to be more decentralised. In Southern Europe, all areas are more centrally controlled with little local autonomy.

Actors involved in the ‘restoration’ market include national ministries, specific cultural public agencies, private owners, foundations, local authorities and those involved directly in the work - architects, restorers, craftsmen/artisans.

Within heritage restoration, architects and conservationists are the principle professionals and normally responsible for project management, co-ordinating activities and for scientific expertise. A new profession has emerged in recent years of the ‘restorer’. Although still considered a profession ‘without statue’, it is recognised in some Member States as a specific discipline with distinct training.

Craftsmen working in restoration tend to be specialised and work in SMEs of less than 10 persons (larger enterprises

being more likely to be working in new construction). In Germany, craftsmen can undergo further training to qualify as a restorer in their special field and 13 crafts restorers fields for further training have been established. There is no common European definition of a 'craft enterprise'. In France and Italy, they are classified sectorally, in Germany and Austria professionally, and in Spain within the 'artistic' field.

4. FEATURES OF THE PROJECT

Over 20 case studies relating to restoration projects (all pre-194) were collected from the four countries. The information collected covered heritage type, heritage usage, information on costs of restoration, and the type and number of craft trades involved in the restoration.

In each country, 4-5 sites were selected for analysis. Interviews took place with the project administrator, site owner, and/or finance agency. A questionnaire was circulated to craft enterprises involved in restoration projects. A synthesis was made between the questionnaires and interview results and a comparison made between the results from each country.

Macroeconomic data on the heritage market was collected at national and EU level by the partners and interpreted and analysed as set out in the 'Activities' section below. The project partners met to discuss and finalise the proposals for actions to stimulate development of the restoration sector and employment therein and to transform the employment potential into real jobs.

The partners based a number of their calculations for employment opportu-

nities in the sector on the following hypotheses - drawn from earlier work undertaken in France:

- 40% of the heritage stock will need urgent work within 5 years.
- the average cost of restoration of a monument is € 716,000
- the needs of the restoration market correspond to 7% of the annual amount of the global market on repairs/maintenance in the built environment.

The project undertook a review of cultural heritage within its context in Europe as well as an analysis of the heritage market in Europe. This took account of the scale and range of monuments and sites in each country studied, their locations, the organisation with responsibility for their protection and preservation etc. They also examined fiscal arrangements in relation to the protected heritage which range from taxes on revenue generated by the heritage sites in all countries studied, to inheritance and capital gains tax in a few. Italy and the UK appear to have the most extensive fiscal instruments, which may be a reflection of the ownership structure.

	Taxes on revenue	Taxes on capital	Inheritance tax	Taxes on donations	VAT	Local taxes	Enterprise taxes
Germany	X						
Austria	X					X	X
Spain	X		X		X		X
Italy	X	X	X		X	X	
UK	X	X	X		X	X	

A comprehensive examination was undertaken of the conditions for development of sustainable employment in the restoration of the built environment in Europe, and some estimates arrived at for job creation potential.

The construction industry market can be divided into new and maintenance/repair activity. Within the maintenance and repair group, activities which might be described as 'restorative' of classified or protected buildings differ from those which are simply related to upkeep of all the remaining built environment. In relation to the former, a figure was deduced from the available data for the average annual cost of an employed crafts-person in relation to restoration activities (€ 53,333). In addition, using a ratio obtained from an earlier French study and taking account of similar ratios in other countries, an estimate of 0.6 indirect employment for every direct employee, was deemed reasonable for the 'restoration' sector.

In relation to each country, the national data of the number of protected or classified heritage sites was obtained. Again, using models calculated in relation to French heritage economic activity, estimates of employment potential in the restoration sector were arrived at for each of the four countries.

5. KEY FINDINGS

5.1. The restoration market

A 1997 report estimated 2.5 million heritage sites in the EU. However, in the absence of agreed criteria, it is important to note that different countries have different ideas of what 'heritage' actually means. In most countries, protected monuments are historic, offer development potential for the locality in which they are found, and are very often recognised as heritage sites/buildings because tourism objectives have stimulated the recognition of their value. Tourism can generate local earnings but poses challenges for safeguarding and protecting the heritage legacy.

Most countries have undertaken a systematic classification of the built environment and have sites listed by category and as 'protected', 'classified but unprotected' and 'non-classified'. In Austria, a current exercise in de-classification of buildings of no public interest, will result in a reduction of the number of listed sites from 450,000 to 80,000. In Spain, sites of primary cultural interest were counted as 11,522 and classified into different types in 1994. In Italy, between 1970-85, 31,328 sites were counted and classified excluding historical centres and archaeological monuments. 80% of

protected buildings are in private hands. No such systematic data appears for Germany.

5.2. Funding and Investment

The European Community interest in arts and culture as an important growing opportunity for economic development and employment has meant that significant resources have lately gone into identifying, restoring, protecting and exploiting the economic benefits of heritage sites. These resources have come from ERDF, FEOGA, ESF, INTERREG, Leader, URBAN, Raphael and Kaleidoscope. The European Community represents the single largest contributor to the development of ‘heritage’.

The second most important source of investment in ‘restoration’ comes from national funds. In France, this amounts to 15% of the arts and culture budget and in Germany, 35.8%. At a Federal level, it is estimated in Germany that 2 - 400 DM is provided by the Bund per monument. This is in addition to funds from the Interior and Culture Ministries and indirect aids to private owners of monuments. In Italy, state funding is about three times that of the regions (335 M Euros/103 M Euros) but, as in Spain, pressure to conform to Maastricht convergence criteria have resulted in extreme pressures to reduce funding. In Italy, seismic and as in other countries, environmental damage, has increased the requirement for restoration.

The private sector has become an important source of funding, not least where they own the sites. In Italy, Germany and Spain, the church is the principal private patron. In Germany, private donors get some tax advan-

tages. In Spain, foundations funded by savings banks profits have made a small but important contribution to heritage protection and restoration and recent reforms in Italy are linking savings banks to foundations dedicated to certain activities. Regional and local funding is especially high in more decentralised countries.

Using the most recent data available in each country, the employment potential (full time job equivalents) of the restoration market is calculated in the partner countries as follows:

<u>Spain</u>	
Estimated annual cost for urgent restoration	626 MECU
which is greater than 5% of total global repairs/maintenance market in Spain	
Estimated direct employment	12,000
Estimated indirect employment	7,000
Total	19,000

<u>Italy</u>	
Estimated annual cost for urgent restoration	1823 MECU
which is greater than 4% of total global repairs/maintenance market in Italy	
Estimated direct employment	34,000
Estimated indirect employment	20,000
Total	54,000

<u>Germany</u>	
Estimated annual cost for urgent restoration	3134 MECU
which, assuming a figure of approx. 7% of total global repairs/maintenance market in Germany gives	
Estimated direct employment	77,500

Estimated indirect employment
46,500

Total **124,000**

Austria

Estimated annual cost for urgent
restoration 678MECU
which, assuming a figure of approx.
7% of total global repairs/maintenance
market in Austria gives

Estimated direct employment
12,700

Estimated indirect employment
7,600

Total **20,300**

Using the same hypotheses, an
estimate for the **European Union** as
a whole gives approximately a half
million new jobs, or the sum of esti-
mated direct (328,127) and indirect
employment (196,873).

5.3. Conditions for expansion
activity and employment

Training

To improve the competence of the
craftsman/artisan, a basic criteria for
increased employment, more on-the-
job training needs to take place within
a specific restoration environment un-
der the supervision of a skilled and
experienced master. However, because
many firms involved in restoration are
small (fewer than 10 persons), the usual
constraints apply. These include lack
of time and resources to supervise
trainees within the context of a busi-
ness that tends to fluctuate. Examples
such as the Spanish Escuelas Talleres
offer a convincing alternative, that in
addition combines social integration
and local development, see also the
IMED project.

There is also a need for changes and
expansion in continuing training. Arti-
sans tend to resist training - their craft
is learnt through apprenticeship and
experience. Continuing training means
leaving the craft-shop or site and there
is rarely time or resources to devote to
it. But there is a need to continuously
update knowledge in the restoration
area, including the use of new technol-
ogy applications and to make the bene-
fits of training evident to the individual
artisan and enterprise. New learning
methods need to be devised and the
craftsman needs to be involved in
identifying training needs and partici-
pating in the training process. Recog-
nition and increased esteem of the
craftsman and craft enterprises will be
assisted through increased training,
higher quality, greater skill and certifi-
cation.

Improve enterprise competitiveness

Within enterprises, there is a need to
improve the broader skills of the entre-
preneurs, and to assist them in dealing
with tough competitive conditions.
There is a need to modernise the work
and work organisation of these small
SMEs including incorporating new
technologies and to assist them to
become more adaptable. New
technologies need to be applied as
appropriate - respecting the
authenticity of the monument but
improving efficiency and effectiveness
of restorative methods. New
technologies will also add to the
general attractiveness of the crafts as
worthwhile professions in the eyes of
young people.

Given the harsh competitive environ-
ment in the wider construction indus-
try, these SMEs suffer in trying to
compete with large construction firms,
and training is essential to assist them

to deal with tough conditions such as late payments, competition for high quality human resources and increasingly complex, legal and administrative requirements. Competing with large firms, even those with less specialist capability, is often difficult and small company costs are almost inevitably higher. Convincing those responsible for commissioning restoration that the lowest price often reflects low quality and lack of real expertise is essential.

Adapt work organisations

One way of doing this is to raise the general level of skill and specifically the dedicated restoration expertise of the small firm. Another is to seek ways to certify or label the enterprises who have the quality and range of expertise. New forms of work organisation can offer individual artisans and very small firms a means to compete both by offering a single channel for tenders and also by reducing costs by pooling certain resources. The only way to drive these changes is by 'push' from the artisans and craft SMEs and 'pull' from those commissioning restoration at a local level for whom the local presence of high quality craft skills will be a valuable resource in the future.

Small multidisciplinary consortia can split costs and with formalised structures, present themselves as a serious option for selection. Italian co-operatives and the more temporary German enterprise groups offer possible models. These consortia could become an engine for crafts business development and might be considered, at the same time, centres of competence. In this context, such centres must be included within local planning for economic development and linked to preventative

conservation and preventative maintenance after restoration.

Heritage preservation is the responsibility of local actors.

As heritage preservation cannot be seen in isolation but rather as part of the organic evolution of a local area, any heritage restoration must be undertaken in the context of local development and employment. Likewise, local restoration and conservation needs to preserve the past through sustainable development and employment. This means that the involvement of all relevant local actors is essential and encouragement needs to be given to involving all public, private and community actors.

There is also a need to improve co-ordination of economic policies with taxation and fiscal measures. In optimising financial resources, best practice projects try and mix financial sources that are appropriate to the tasks and multi-actor dimension of projects. Fiscal and other supports to the private sector, and especially to those who demonstrate their local commitment by investing themselves in restored buildings, are to be supported. The report argues strongly for an expansion of fiscal incentives citing examples of the multiplier effect of incentives, with private investment normally achieving investment in multiples of that foregone by the state. However, they also caution against the risk of the private sector making the profit and the public taking up the debt and require the process be viewed as part of the whole community's responsibility. Heritage is a means of preserving local cultural identity and developing social and economic aspects of the area. It is not realistic to expect it to be self-financing

or to apply the norms of return of investment.

5.4. Recommendations

The project report recommend a five pronged strategy to effectuate the estimated job potential:

1. Communicate the value and skill of traditional crafts and their relevance today. Re-build and restore respect and prestige of these crafts.
2. Undertake actions to improve quality through training and certification - with improved consensus on skill profiles and mutual recognition across Member States.
3. Research into new models of work organisation and the creation and support of model multidisciplinary centres of competence.
4. Influence those responsible for development policies to accept the potential of the restoration sector in employment generation and to adapt and increase appropriate financial instruments and support.
5. Favour actions which combine restoration and rehabilitation projects and the relevant quality competencies in enterprises that are evidently masters of their oeuvre.

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APPROCHE SOCIO-POLITIQUE DE L'ECONOMIE DES FILIERES DE LA PRODUCTION CULTURELLE ET DE SES EFFETS SUR LA DYNAMIQUE DE L'EMPLOI ET SUR LA COHESION SOCIALE

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